

## Something Is Different On the Streets of Hanoi

### Ambitious Reinvigoration Attempt Brings Vietnamese Type of Glasnost

By Keith B. Richburg  
*Washington Post Service*

HANOI — The sights and sounds of what people here refer to as Vietnam's version of glasnost are surfacing in this Communist capital and the surrounding countryside.

In moves likened to the openness campaign of the Soviet leader, Mikhail S. Gorbachev, Hanoi's new leaders have embarked on an ambitious effort to reinvigorate a country hurt by economic decline and political malaise.

In the process, they hope to reverse more than four decades of an entrenched war mentality, marked by secretiveness, suspicion of outsiders and fear of openly expressing criticism.

The effort, led by the party general secretary, Nguyen Van Linh, has included the liberalization of the country's economy and its political debate, as well as a greater tolerance for Western ideas and fads.

After a meeting of the National Assembly last month, for example, Western journalists were permitted to do something that is extraordinary in Vietnam: conduct man-on-the-street interviews to determine public reaction to the choice of a new president and a new prime minister.

In another instance, a reporter for the Communist Party daily newspaper Nhan Dan recently disguised himself as a factory worker to do an exposé of the poor working conditions in a state plant.

Mr. Linh — like Mr. Gorbachev in Moscow — has come to personify the drive for reform. At 71, he has been cutting a more modern — and more human — profile lately, posing for photographs while swinging in a backyard hammock and doing his morning exercise.

These first impressions of Vietnam as a country in transition emerged during a two-week visit to Hanoi, Ho Chi Minh City and surrounding provinces. The trip was agreed to in line with the country's decision to allow more visits by Western journalists.

Journalists and scholars who have visited Vietnam regularly since 1975 agree that it is quite different place today than it was even a year ago.

Many frequent visitors said government and party officials are increasingly accessible and appear to be much more candid about their past mistakes, especially in managing the economy.

Vietnamese officials and See VIETNAM, Page 2

## Bombings Kill 72 in Karachi

### 250 Wounded in Devastation at Market District

*Compiled by Our Staff From Dispatches*

KARACHI, Pakistan — At least 72 persons were killed Tuesday and more than 250 were injured in explosions that devastated a neighborhood in central Karachi, hospital sources and police officials said.

It was the second major bomb attack in Pakistan in 10 days.

Reports differed on the number of explosions, but there were at least two. Some officials said two car bombs exploded half an hour apart amid crowds of rush-hour shoppers in Karachi, the country's biggest city with a population of seven million.

Others said there were four explosions at two bus stops, a restaurant and a building within 200 yards (182 meters) of one another.

Witnesses reported as many as four buildings on fire, including the restaurant. They said that vehicles and vending carts were destroyed.

A statement issued by city authorities blamed "saboteurs of foreign origin" but did not elaborate.

While the government of General Mohammed Zia ul-Haq did not immediately attribute the explosion to any organization or country, the information and broadcasting minister, Kazi Abdul Majid Abid, said that "subversive elements" were behind the bombings.

No arrests have been made and there have been no claims of responsibility.

A police source said that Iranian spies have been active recently in the vicinity of the Bohri Bazaar. There was no indication, however, that they were involved in the explosions.

Several other Pakistani cities have been hit by terrorist bombings this year, and dozens of people have been killed.

Some observers had speculated that the earlier bombings may have been carried out by Pakistani dissidents opposed to the Muslim League government of Prime Minister Mohammad Khatami, who is mentioned by General Zia, who is the president.

On July 5, the 10th anniversary of General Zia's seizure of power, three bombs exploded within minutes of one another in Lahore. Seven persons were killed and more than 50 injured, most of them at a railroad station.

On Monday night, a bomb exploded in the provincial capital of Peshawar near the U.S. consulate. No injuries were reported.

Bombs have been exploding almost daily in Pakistan's North-West Frontier Province, which borders Afghanistan.

Officials attribute those incidents to Afghan agents retaliating for Pakistan's support of the Afghan resistance movement that is fighting the Soviet-backed government in Kabul.

In Karachi and the western city of Quetta last week, Iranian loyal to Ayatollah Ruhollah Khomeini, the Iranian leader, attacked dissident countrymen living in exile.

Four dissident Iranians died.

See PAKISTAN, Page 6



A car burned in Karachi, Pakistan, after bombs devastated the city's shopping district.

## Major Element Of North's Story Is Contradicted By McFarlane

*Compiled by Our Staff From Dispatches*

WASHINGTON — Robert C. McFarlane, a former national security adviser, contradicted on Tuesday testimony by Lieutenant Colonel Oliver L. North that Colonel North's superiors had been kept fully informed of his activities in the Iran-contra affair.

Mr. McFarlane spoke just after Colonel North ended his testimony before the select House and Senate committees investigating the affair, coming under criticism from the committee leadership.

Colonel North, a former National Security Council aide, repeatedly told the committee that every act he committed in selling arms to Iran and diverting profits for the anti-Sandinista rebels in Nicaragua had been approved by his superiors, either Mr. McFarlane or Mr. McFarlane's successor, Vice Admiral John M. Poindexter.

Mr. McFarlane said, "Colonel North did report to me from time to time on a few, but certainly not all" occasions.

He said he never heard of what Colonel North described as a "full service covert operation" and "I certainly never concurred in one."

Colonel North ended his appearance before the panel after hearing a declaration that his activities were part of a policy "driven by a series of lies" that catapulted President Ronald Reagan into his most serious crisis.

"You said these hearings caused serious damage to our national interest," said Representative Lee Hamilton, Democrat of Indiana and chairman of the House delegation on the committee.

"But I wonder," he said, "whether the damage was caused by these hearings or acts which caused these hearings?"

Mr. Hamilton said Colonel North had played a central role in a "policy" driven by a series of lies. He said he believed Colonel North's assertions about having authority for his actions, but noted that many of the documents that would show that have been destroyed.

Senator Daniel K. Inouye, Democrat of Hawaii and leader of the panel's Senate members, criticized Colonel North for his activities in selling arms to Iran secretly, then turning over some of the profits for use by the Nicaraguan rebels.

"It was painful to all of us to sit here and listen to your testimony," said Mr. Inouye. "It was equally painful that you lied and misled for what you believed to be a good cause."

Colonel North's final moments on the witness stand also prompted one last objection from his attorney, Brendan V. Sullivan Jr., who complained that Mr. Inouye was engaging in a personal attack on his client.

Although he criticized Colonel North, Mr. Inouye also said the "creating and developing of a new American hero."

Mr. McFarlane listed several areas in which he said Colonel North's testimony was false, mostly involving what orders he did or did not give his aide.

"There are a number of facts in which Colonel North's recollection differs from mine," said Mr. McFarlane.

Among the specifics he cited were Colonel North's testimony that Mr. McFarlane directed him to alter documents and was also actively involved in changing a chronology of events in the scandal.

"This is incorrect," Mr. McFarlane said of the allegation involving the alteration of documents. "In fact, Ollie proposed revision of certain of the documents."

Concerning Colonel North's testimony that Mr. McFarlane knew of the secret effort to funnel private funds to the Contras at a time formal U.S. aid was banned, Mr. McFarlane noted "this is untrue because it is unthinkable."

He said it was "beyond anyone in the administration to authorize" such a project.

Mr. McFarlane also confirmed that he told Colonel North to help the Contras, but said he wanted Colonel North to act to make the Nicaraguan rebels "more credible in terms of political leadership."

Regarding Colonel North's testimony that the plan was for the marine to be the "fall guy" and take the blame if the contra supply effort ever became known, Mr. McFarlane said: "No such plan existed to my knowledge. I know I was not a party to such a plan when I left government in 1985."

Earlier in the day, Colonel North See INQUIRY, Page 3

## Tehran Accuses Consul From France of Spying

*Compiled by Our Staff From Dispatches*

PARIS — Iran's state prosecutor summoned the French consul in Tehran on Tuesday, accusing him of espionage and assisting counter-revolutionaries, the Tehran radio reported in a broadcast mentioned in Paris.

The French Ministry statement said the Iranian accusation "has without any basis."

Journalists said the French consul, Jean-Paul Thorez, was accused of espionage and assisting counter-revolutionaries against the Islamic Republic and their exit from Iran.

The Tehran radio said the summons had been handed to the French chargé d'affaires, Pierre Laffont, by the Iranian Foreign Ministry.

"Several arrests have already been made in connection with Mr. Thorez's case," the radio added. It did not give the names or nationalities of those reportedly detained. An "investigation is under way to arrest others," the news agency reported in Athens.

Earlier Tuesday, relations between the two countries had worsened when Iran accused French officials of seizing secret papers from an Iranian diplomat, Mohsen Aminzadeh, who Tehran has charged was beaten by French customs police at the Geneva airport.

Iran's chargé d'affaires in Switzerland, See IRAN, Page 6

## From Villain to Victim: North's Triumph

By Haynes Johnson  
*New York Times Service*

WASHINGTON — Not since General Douglas MacArthur's return to the United States in 1951 after he was dismissed by President Harry S. Truman for insubordination during the Korean War has a military officer had such dramatic effect on the nation as Lieutenant Colonel Oliver L. North.

For six days of emotionally draining and revealing testimony, Colonel North's personality, performance, tactics, values, beliefs and actions have been examined and cross-examined — in the congressional hearing room and by Americans all over the country.

Colonel North, in what amounted to a series of compelling speeches, clearly helped his own cause, portraying himself as a loyal subordinate following what he believed to be the lawful instructions of his superiors.

His powerful impact on the joint investigating committee and the country is reflected in opinion polls and in the extraordinary range of general public reaction stirred by his appearance.

As just one example, an ABC News Poll reports that 92 percent of the public thinks Colonel North did a good job in defending his actions, and 64 percent believes him to be a victim instead of a villain.

The drama was distracting, as Senator William S. Cohen, Republican of Maine, suggested. But Mr. Cohen added:

"Long after the sheer force of your personal-ity has faded from this room, and that may be a very long time indeed, and long after these cameras that are here today are clicked off, I think the American people are going to be left to deal with the policy implications of what has occurred and what's been said in this room."

Where the country will finally strike a balance between Colonel North's formidable persona and the unpopular policies he helped to execute remains to be seen.

Colonel North, at the witness table, has helped himself principally in two ways.

He admitted that he had lied to "unwitting" Reagan administration officials, misled Congress and the public, and falsified and destroyed official documents as part of a cover-up plan that was designed to protect his superiors, specifically the president. But he also implicated See NORTH, Page 6

## Thatcher, as Senior Western Leader, Seeks to Define Delicate World Role

By Howell Raines  
*New York Times Service*

LONDON — As Prime Minister Margaret Thatcher prepares to depart for Washington, she is drawing up a predictable list of foreign policy concerns on arms control, the Middle East, protectionism and the effect of the U.S. trade and budget deficits on the world economy.

But this trip, which begins July 16 and is her second international journey since her re-election last month, is not solely for the purpose of prodding an American president whom the British increasingly believe is distracted and lethargic.

Since winning a third term on June 11, Mrs. Thatcher has been trying to define an international role that would be appropriate for the senior elected leader of the Western alliance and would meet Britain's rising expectations. At the same time, she must not forget the reality of Britain's place as what one analyst called "a high-class, second-class power."

During the election, Mrs. Thatcher played on Britain's memories of world influence with such theme lines as, "Isn't it great to be great again?" Safely re-elected, she stands at the apex of her domestic political career. But to round out her prime ministerial history, she must further define herself as an international figure, analysts say.

One immediate problem is Mrs. Thatcher's prickly relationship with other European leaders, most recently illustrated by the 11-1 line-up against her on European Community economic policy in Brussels on June 30. The general verdict in Britain was that Mrs. Thatcher had been right to call for "fiscal discipline" on the budget and for change in the EC's costly farm subsidy program, but that she had failed as a diplomat who aspired to Continental leadership.

"On the one hand, she is now the senior member of the Western alliance and a good deal of prestige attaches to that," said Christopher Tatchell, former vice president of the European Commission, who also served with Mrs. Thatcher as a Conservative member of Parliament.

He added that Mrs. Thatcher's See THATCHER, Page 6

## Weinberger Sets Rules on Gulf Raid

*United Press International*

WASHINGTON — Defense Secretary Casper W. Weinberger says a deployment of Iranian missiles along the mouth of the Gulf would not be sufficient cause for a pre-emptive strike, but he warned that U.S. forces would attack at the first sign of hostile intent.

Mr. Weinberger also described as imminent the plan to begin U.S. Navy escorts of 11 Kuwaiti oil tankers flying the American flag, but would not say when.

He said the nine U.S. warships in the escort operation have orders to shoot before they are shot at "under certain circumstances." He would not elaborate.

In an interview Monday with Knight-Ridder Newspapers, Mr. Weinberger went further than previous administration comments about chances of a strike against Chinese-made Silkworm missiles that may be deployed on Iran's side of the Strait of Hormuz.

The administration had not said See GULF, Page 3

## Kiosk Panama Protest Set for Thursday

PANAMA CITY (AFP) — Panamanian opposition leaders seeking the overthrow of General Manuel Antonio Noriega called for a major demonstration to be held Thursday despite a government ban on street protests.

A statement issued Tuesday by the opposition Civic Crusade said that in the face of "the state terrorism that has been unleashed throughout the country," it was calling for "a redoubling of the peaceful struggle."

The Civic Crusade, which groups 107 middle-class banking, business, union and student groups, said it would also call for a general strike, but did not give a date.

## 2 Close Calls Revealed on Delta Flight

By Barry James  
*International Herald Tribune*

A Delta Air Lines jumbo jet involved in a near collision over the Atlantic last week later wandered into the path of another aircraft during the same flight, Canadian air safety officials said Tuesday.

In what an industry official called "an incredible string of bad luck," the airline also suffered two equipment failures on Sunday and a Delta plane landed on the wrong runway at Boston.

The company declined comment on the incidents over the Atlantic because an investigation is still being conducted by Canadian and U.S. officials. A spokesman at Delta's Atlanta headquarters said he could neither confirm nor deny the report of a second navigational error because the Canadian authorities have yet to release details.

According to the Canadian officials, the Delta Lockheed L-1011 carrying 164 passengers from London to Cincinnati last Wednesday, veered 60 nautical miles off course at 31,000 feet (10,000 meters) in mid-Atlantic and came within a 100 feet of colliding with a Continental Airlines Boeing 747 that was flying from London to Newark, New Jersey, with 424 people aboard.

It turned unexpectedly into the path of a British Airways Boeing 747 flying from Toronto to London 90 minutes after the first incident.

See AIRLINE, Page 6

## Unraveling a Legacy of Mathematics

### Decades Later, Indian Clerk's Genius Dazzles Theorists

By James Gleick  
*New York Times Service*

NEW YORK — In some ways, mathematicians are finally beginning to penetrate the mind of Srinivasa Ramanujan.

One hundred years have passed since Ramanujan (rah-MAH-nuh-jun) was born in the small city of Kumbakonam in southern India. When he died, 32 years later, he left a strange, raw legacy: about 4,000 formulas written in three notebooks and on some scrap paper.

Some of the power and originality of Ramanujan's mathematics was understood a few years before his death. His contemporaries saw from the theorems scrawled across his pages that he possessed a genius for calculating the hidden laws and relationships that govern the wilderness of numbers.

But Ramanujan was uneducated in standard mathematics and isolated by geography for most of his productive life. Often his formulas seemed as obscure as they were elegant.

He worked in a place and a way of his own, drawing his formulas and theorems from a mental landscape far from the frontier of mathematics as seen in his day.

Now his work is flowing into mathematics and science more deeply than could have been imagined a generation ago.

Computers with special programs to manipulate algebraic quantities have made it possible for more ordinary mathematicians to pick up the trail of his thought. And modern physics, from the "superstring theory" of cosmology to the statistical mechanics of complicated molecular systems, finds itself turning more and more to the pure findings of number theory and complex analysis — the worlds of Ramanujan.

As researchers pore over the rough pages, trying to understand the formulas and prove them and learn more of why Ramanujan chose certain paths, they sense a foundation that has not yet been revealed.

"When he pulled extraordinary objects out of the air, they weren't just curiosities but they were the right things," said Jonathan M. Borwein of Dalhousie University, in Halifax, Nova Scotia.

"They are elusive evidence of a theory that's lurking around somewhere that he never made explicit," said Mr. Borwein, one of many mathematicians who have lately focused on Ramanujan's formulas.

The trail is hard to follow.

Using a slate, Ramanujan jotted down formulas, erased them with his elbow, jotted down more, and then recorded a result in a notebook only when it had reached final form.

The intermediate results — the links of the chain — are lost. Unlike mainstream mathematicians, he felt no need to prove that a result was true. His legacy is simply a set of discoveries.

"It seems to have functioned in a way unlike anybody else we know of," Mr. Borwein said. "He had such a feel for things that they just flowed out of his thought. And modern physics, from the 'superstring See RAMANUJAN, Page 6



ROYAL WELCOME — The duchess of York greeting King Hassan II of Morocco in London on Tuesday at the start of his state visit as Queen Elizabeth II looked on.

## Prime Minister Kim Chung Yul of South Korea took office Tuesday and promised fair elections this year.

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### GENERAL NEWS

- Yasushi Nakasone accused a Toshiba unit of betraying Japan by selling sensitive technology to Moscow. Page 2
- Prime Minister Bob Hawke of Australia announced plans for a major reorganization of the federal government. Page 2
- Taiwan ended martial law and released 167 political prisoners. Page 2

### BUSINESS/FINANCE

- IBM's earnings fell 9.8 percent in a fifth straight quarterly decline. Page 3

Dow closes UP 28.38  
The dollar in New York:  
DM £ Yen FF  
L83 1.6105 151.255 6.165







AMERICAN TOPICS

A Booming Business In Expert Witnesses

The business of being an expert witness is growing explosively. The New York Times reports. People with expertise on such subjects as bicycle explosions, hot-air balloon crashes or radiation accidents have joined tens of thousands of doctors, university professors and engineers in the expert witness industry. Their rates range from \$50 an hour for a law enforcement expert to more than \$10,000 a day for a plastic surgeon.

"A lot of people are making themselves available for this kind of work," said Gary E. Melickian, a partner in the Expert Witness Network, a Washington clearinghouse that provides lawyers with the names of experts who are willing to testify in court.

The Technical Advisory Service for Attorneys in Fort Washington, Pennsylvania, was established in 1961 and reports an annual growth rate of about 15 percent. It lists about 10,000 experts in 4,000 categories. Law journals are carrying five times as many entries for expert witnesses today as in 1970.

Short Takes

"Divorce — the Magazine for People Starting Over," will be on U.S. newsstands in mid-October at \$4 per copy. It will be published six times a year, with an initial press run of 100,000.

The demand has increased along with the number of civil lawsuits, the size of jury awards and the role of technical information in such suits. But legal scholars and judges are uneasy about the influence and cost of expert witnesses. Several legislative decisions and court rulings in the past year have tightened restrictions on employing them.

The Napa Valley Wine Train will start offering gourmet trips this fall across California's premier wine-growing region. "We have specialists scouring the nation for a dozen Pullman-style parlor cars from the 1920s," said the new company's president, Jack McCormack. Passengers will make wine-tasting stops at vineyards along a 21-mile (34-kilometer) route and dine on gourmet meals aboard the train.

An old ailment of business executives has a new name: briefcase elbow, chronically sore from carrying too-heavy briefcases for too long. The complaint is similar to tennis elbow. Dr. David Hough, a sports medicine specialist at Michigan State University, suggests such preventive measures as arm exercises and lighter loads. For those already afflicted, he prescribes icing the arm, wrapping the elbow, taking aspirin and carrying the briefcase with the other arm.

will include "How to Hire — and Tame — Your Lawyer," "When Everything's in Both Names," and "Mixed Blessings for Children of Divorce (Two Birthdays, Two Christmases, Two Everything)."

Problems with the new B-1 bomber are gradually being resolved, according to Colonel Albert D. Jensen, commanding officer of the B-1 wing at Dyess Air Force Base, Texas. Fuel leaks have been all but stopped, he told The New York Times. Missiles that once tumbled after launch are being shielded from the B-1's jet stream so that they drop properly. An unreliable terrain-following system is being replaced. Mechanisms to prevent stalls and stabilize flight controls are being tested. A device to check on operating systems still registers false alarms, but less frequently. However, Colonel Jensen estimated it would take another 16 months to integrate the components needed to jam enemy radar.

Without greatly changing Mr. Deaver's role, President Ronald Reagan's election increased his power exponentially. It is one thing to always be able to talk to the governor or the candidate; it is another to control access to the president of the United States.

From the start Mr. Deaver and his wife, Carolyn, were mandatory guests in Washington and in all sorts of circles — political, diplomatic, media and what society-watchers call Establishment Washington.

rejected the accusation that he violated ethics statutes governing the lobbying activities of former officials.

On Tuesday, the judge hearing the trial continued to hold jury selection behind closed doors.

Beyond the men and women who do not like Mr. Deaver, there are three kinds of people who will talk to a reporter about him:

him more in sorrow than in anger. These are people who have clashed with him. They will tell a wicked story or two about him, but they are loath to say anything too nasty.

"You see, I don't think that basically Mike Deaver's a bad man," said the former White House political director, Lyn Nofziger.

• In the third group are people who like — or liked — Mr. Deaver, but who say his head was turned

\$60,662 a year. "I have no money left," he said.

By coming to Washington, the Deavers had stepped on a financial treadmill that dictated new expenses. "He had a much better lifestyle [in Sacramento] than he had here as an assistant to the president," said a former Deaver deputy, Joseph W. Canzeri.

By 1984, Mr. Deaver's desire to leave had begun to show in his

It is also possible that Mr. Deaver had an even more profound misunderstanding of his business. It is possible that he did not know he was a lobbyist and not a public relations man.

"I think Mike Deaver still thinks he created a PR company. I think he didn't know the difference between a traditional PR company and what he put together."

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William F. Sittmann, a former White House aide who left with Mr. Deaver and is still a vice president of Michael K. Deaver & Associates, described the firm's start-up:

"Things just started to happen," he said. "We were getting involved in trade, and I knew nothing about trade, so then we just started hiring other people." Mr. Sittmann said.

Clients who believed that a former official's inside knowledge could help them were defining the nature of Mr. Deaver's business.

As John P. Sears, a Washington lawyer who rivaled Mr. Deaver for control of Mr. Reagan's 1980 campaign, put it: "You have to have enormous discipline to resist what happens when you leave government."

A former colleague discussed what many say was Mr. Deaver's fundamental mistake: "It was an unwritten rule that everybody knew that it was O.K. to be a power broker, but one of the things that made you a power broker was that you didn't advertise it."

To Friends, Deaver Lost Sight of Limits of Power

Last of two articles  
By Marjorie Williams  
Washington Post Service

WASHINGTON — Shirley Moore, who spent two years in Washington as Michael K. Deaver's secretary before returning to California, speaks with the perspective of a continent's distance.

Of course Mr. Deaver went through changes when he was deputy chief of staff in the White House, she said. "It would be very hard for anybody in the world to work there and not change."

In 1981, as the national press corps began to sort out the new administration, Mr. Deaver was identified as "the keeper of the body," the ultimate loyal aide.

Laurence I. Barrett, a Time magazine political correspondent, parodied the description in his book on the early Reagan White House, "Gambling With History." Mr. Deaver, Mr. Barrett wrote, was "a glorified servant to the Reagans, with some doubt attending the adjective."

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'Trench War' Blocks Agendas of Reagan, Congress

By Helen Dewar  
Washington Post Service

WASHINGTON — Relations between President Ronald Reagan and Congress are at their lowest point, producing what one Democratic legislator calls a "trench war of attrition" in which each side blocks the other, jeopardizing the legislative agendas of both.

Caught in the cross fire is everything from taxes, spending and budget revision to major foreign policy and national security issues, including the president's Strategic Defense Initiative and Democratic proposals for arms control.

The Iran-contra affair, the Democrats' recapture of the Senate in last year's elections and the approach of the presidential and congressional contests next year have combined with other forces to create a climate of confrontation that is greatly slowing the work of both the White House and the Congress.

"I've never seen things as stalemated as they are now," said Senator Dale Bumpers, Democrat of Arkansas.

Also at stake are the Democrats' hopes of persuading the American people that they can govern effectively, as well as Republican efforts to assure that Mr. Reagan's legacy continues after he leaves office.

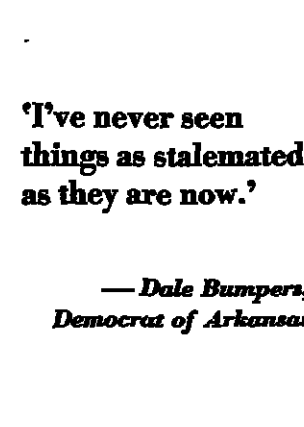
It is possible, some suggest, that both sides may fail.

What is likely, they say, is that little will be accomplished until about Oct. 1, when Congress will be faced with a deadline to provide spending and borrowing authority for the next fiscal year.

Congress and the White House can then be expected to engage in a showdown that will resolve — to no one's satisfaction — nearly every contentious issue that has faced the 100th Congress since it convened in January.

In the meantime, legislators are braced for what Senator Nancy Landon Kassebaum, Republican of Kansas, calls a "chess game in which the question is who can check whom."

Mr. Reagan's legislative blueprint for the year was relatively modest. Democrats, emboldened both by their Senate victory and by Mr. Reagan's setbacks in the Iran-contra affair, have been able to ignore most of it.



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The president's budget was a dead letter, as in earlier years, and his budget-revision ideas have drawn little more than a yawn. Congress is continuing to balk at increases in military spending, including a large increase in the space-based SDI program of defense against missiles, and shows no signs of warming to his proposal for more aid to the Nicaraguan rebels.

But the Democrats lack the votes to impose their agenda, either by breaking Republican filibusters in the Senate, which requires 60 votes, or by passing legislation over a presidential veto, which requires a two-thirds majority of both houses. Democrats control 54 of 100 seats in the Senate and 258 of 435 seats in the House.

Seizing the opportunity, Senate Republicans have thwarted action on an array of Democratic moves, most recently including a proposal to force a 90-day delay in administration plans to escort Kuwaiti oil tankers in the Gulf.

Earlier casualties included the military authorization bill for next year, including arms-control provisions, and legislation aimed at curbing the costs of congressional campaigns.

Moreover, the White House has threatened to veto most expensive Democratic initiatives, including trade legislation that has been passed by the House and is expected to be approved by the Senate soon.

Even a program to protect Medicare recipients against the high costs of care for catastrophic illnesses, proposed originally by the administration, has drawn preliminary warnings of a veto because Democrats have added their own ideas. They include subsidies for outpatient drug care under Medi-

care, the health insurance program for the elderly and disabled.

In some areas, such as raising taxes to help reduce the budget deficit, Mr. Reagan can block Congress with a veto. In others, such as in trade or catastrophic health insurance, he can use veto threats as leverage to get a bill more to his liking.

"It's not the old kind of high-profile confrontation" that characterized Mr. Reagan's dealings with congressional Democrats in the first six years of his administration, said Senator James R. Sasser, Democrat of Tennessee.

"Instead," he said, "it's a low-profile, low-intensity kind of trench war of attrition that goes on day after day."

Largely as a result of the Iran-contra affair, said Representative Leon E. Panetta, Democrat of California, "the president has become more contentious and partisan, and Congress responds by becoming more contentious and partisan. The result of this kind of situation is stalemate."

GULF: Weinberger Outlines Rules

(Continued from Page 1)

before whether U.S. forces would attack the missiles, which have a 50-mile (80-kilometer) range, before they could be launched or whether they would be attacked only in response to a firing.

But Mr. Weinberger made it clear that U.S. forces would not wait to be struck first.

"Nobody's talking about preemptive strikes," he said. "What we're talking about is responding to evidence of hostile intent, and that is an important distinction to bear in mind. But it is important, also, to know that we would not contemplate waiting until we actually received a hit."

Asked if mere deployment of the missiles would constitute hostile intent, the defense secretary said it would not.

Iran has fired its Silkworms in tests and briefly deployed one of the truck-mounted weapons this month. The missile then was taken off its launcher without being fired.

"I call a pre-emptive strike something that you decide [with] you see a Silkworm possibly being installed and, without any activity at all on anybody else's part, you go in and bomb it," Mr. Weinberger said.

But if Iran showed "imminent capability of firing the missile at one of our ships or one of our escorted ships, that is evidence of hostile intent," he said.

"It could be before they fired, yes," he said. "We want to be sure that we take effective action in time so that we don't simply retaliate."

In another development, Pentagon officials said Saudi Arabia had agreed to use its four minesweepers to search near Kuwait, where almost 20 mines were found by a U.S. Navy team about two weeks ago.

Because of the Saudi move, officials said, the Pentagon canceled preparations for five Navy MH-53 minesweeping helicopters support minesweeping to be sent by 200 U.S. personnel to be sent to Kuwait to ensure that the channel to its main port is kept clear of mines. An 18-man U.S. Navy mine warfare team has been in Kuwait for a month.

Iraqi Raids Reported  
Iraq said its aircraft launched raids Monday night and early

INQUIRY: McFarlane Contradicts North's Testimony

(Continued from Page 1)

asserted that he had been offered a bribe of a million dollars by an Iranian middleman, Manucher Ghorbanifar, in the early stages of negotiations with Iran on trading arms for hostages.

Colonel North, testifying for a sixth day before the congressional committee, said Mr. Ghorbanifar "offered me a million dollars if we could make this prosper."

The accusation came as Senator Sam Nunn, Democrat of Georgia, was reviewing with the marine officer some of his testimony from last week, in which the colonel said it was Mr. Ghorbanifar who first suggested using profits from the Iran weapons sales to arm the contras.

Colonel North said he told Mr. Ghorbanifar the offer was "out of the question" and that "I could not, would not" accept it. He said he told the Iranian that if he pursued "those kinds of discussions... he would be out of the picture very quickly."

Meanwhile, amid Colonel North's increasing popularity with the American public, President Ronald Reagan declared Tuesday that "you won't be able to shut me up" when the hearings are over.

Representative Louis Stokes, Democrat of Ohio, told Colonel North his testimony "has been chilling and, in fact, frightening."

Mr. Stokes said he was referring

to "the entire scenario, about government officials who plotted and conspired, who set up a straw man and fall guy, officials who planned to superimpose on our government a layer outside of government, shrouded in secrecy, and only accountable to the conspirators."

"In my opinion," Mr. Stokes said, "it is a prescription for anarchy in a democratic society."



Herald INTERNATIONAL Tribune

Helms's Favorite Gang

A Texas nurse named Kindra Bryan, who had gone to Mozambique to do relief work, was abducted by rebels in May. Senator Jesse Helms, a champion of Renamo, the Mozambican rebel group, took the occasion to press his campaign to induce the State Department to take up the Renamo cause.

North on the Ticket?

Where do the Republican presidential candidates stand on Oliver North? The television anchorman Dan Rather said that he had telegrams promoting a Jack Kemp-Oliver North ticket, and Senator Bob Dole asked at the recent Young Republicans conference in Seattle — "jokingly," a spokesman insists — "What would you think of a Dole-North ticket?"

Paying for AIDS Care

Every American will help pay for the treatment of AIDS patients. The question is whether society will do so with higher health insurance premiums or, via Medicaid, with higher taxes. At least for now, the better way is insurance.

Other Comment

North's Natural Constituency
Cries of "Ollie North for president" are not entirely a joke. [His language] may seem unpoliticized. It deals with concepts of duty, and freedom, and the defense of freedom. But the people Colonel North was

In Moscow, Impatience On Missiles

By Yuli M. Vorontsov

The writer is deputy foreign minister of the Soviet Union.

MOSCOW — Although the Soviet Union and the United States have come close to reaching an agreement to eliminate intermediate- and shorter-range missiles in Europe, there are still obstacles to signing such an accord soon.

Germany Holds Tight to a Drifting West

By Christoph Bertram

HAMBURG — There was a time when those who committed to European progress could welcome the fact that Frenchmen were worrying about Germany. After all, the fear that the neighbor across the Rhine might shift toward neutralism, however unjustified, at least prompted greater readiness in Paris to work more closely with Bonn.

Even the neutralist Greens have called on Bonn to renounce any notion of German reunification.

national unity, West German editorial writers and politicians have emphasized, practically in unison, that the democratic freedom of West Germany is much more important than national unity for all Germans.

What is worrying is Euro-faith, both in Bonn and Paris. There is too little realization in Bonn that

West Germany, in order to ensure its security and prosperity, must invest in the political future of Western Europe. True, all the major parties in Bonn declare themselves devoted to West European unity. But when it comes to the crunch, the firm vote or the next local elections are always most important in the future of Europe. In this respect, too, West Germany has become a normal country.

Gulf: An Unlikely Pair Comes Knocking at the UN

By Stephen S. Rosenfeld

WASHINGTON — Beneath the Reagan administration's plan to take Kuwait tanks under American wing, a broader, more political and more positive Gulf policy is struggling to get out.

Why, then, does Mikhail Gorbachev not proceed with a second Tashkent? Because the Soviet reach is not all that great and because the Kremlin wants to defuse the current crisis lest the United States use it to achieve "long-harbored uses" of building up its military presence in a region on the Soviet doorstep.

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But this is not the only reason the Reagan administration goes to the United Nations. In competition in the Gulf, Moscow suddenly has an advantage. It is in touch with both sides. It arms Iraq and talks with Iran. But Washington is in touch only with Iraq. Before a nervous Washington looms the specter of another "Tashkent" — a unilateral mediation of the Iran-Iraq war similar to Moscow's mediation of the 1965 India-Pakistan war.

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At Least We Know When Ollie's Lying

By David S. Broder

BEAVER ISLAND, Michigan — Ollie North was not Topic A here on this blessed island, but he finished a respectable third. The unusually warm, muggy weather and the absence of the more visible symptoms among those who swim in the generally frigid waters here at Lake Michigan were more discussed at Pat and Joshi's wedding dance.

He did well, too. A lady who lives next to the parish hall, and is thus attuned to the crosscurrents of opinion in the thriving metropolis of St. James, said that so far as she could judge, the people here "would like to elect Ollie president, just as soon as he's out of jail."

The comment was made without a hint of irony. And her explanation was equally straightforward: "We expect people in Washington to lie to us. At least, he tells you when he is lying and when he isn't."

So in 1980 they turned to Ronald Reagan who, they perceived correctly, spoke with conviction and had strong beliefs. Public belief in Mr. Reagan's believability was always stronger than support for some of his policies. It was sufficient to keep him winning most of the policy battles until the Iran-contra affair gave most Americans an example of leadership that they simply could not swallow.

For the second time in seven years, voters' disillusionment with their president and discouraged about economic prospects searched the television screen for a hero. And here came Oliver North, Lieutenant Colonel North is no more than the summer replacement for two big stars who failed to hold their early ratings. You know in your heart that he is a lesser talent than either of them.

Mr. Carter promised grandly never to let Colonel North promise that he will not lie — unless he has to, to protect a covert operation, keep a secret from Congress or carry out an order he "assumes" the president gave.

Mr. Reagan espoused convictions that made sense to the American people. Lower taxes, a stronger defense and a balanced budget were attractive goals, even if they seemed impossible in combination. Colonel North also has convictions. But they are things most Americans clearly do not want to do: sell arms to Iranians, or support an effort to overthrow the Sandinista government in Nicaragua.

Both the credibility and, convictions Americans esteem in their leaders have been discounted markedly by the nation's experience with Mr. Carter and Mr. Reagan. The American people feel like they've been down so long. Colonel North looks like up.

If the colonel is an accurate symbol of where the United States is today, then he tells us a lot about the kind of president Americans will probably choose next year. He will

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: His Oratory Fails

NEW YORK — The U.S. Senate has unseated William Lorimer, expelling him [on July 13] by a vote of 55 to 28 on Senator Lea's motion, declaring that corrupt methods were employed in his election, and asking that it should be pronounced invalid. The vote followed a three-day speech by the accused Senator, who employed all the flamboyant and theatrical devices common to high-pitched American oratory. Mr. Lorimer has long been at bay. For two years he has not only been fighting charges of corruption in obtaining his election as Senator from Illinois, but has been hurling himself against the public opinion of the country, which from the first decided that the charges were true. Amounts varying from \$5,000 to \$10,000 were stated to have been paid to Illinois legislators of both parties for voting for Mr. Lorimer.

1937: Soviets Fly to U.S.

LOS ANGELES — After smashing all long-distance non-stop aviation records by flying approximately 6,700 miles, the second Soviet crew of top-of-the-world airplane were forced down in a cow pasture near San Jose, 90 miles from Los Angeles, at 8:30 A.M. Pacific time [on July 14] by leaking gasoline tanks. They had taken off from Moscow [on July 12]. Mikhail Gromov, chief pilot, and his two companions added more than 1,100 miles to the long-distance record. The three men had been in the air more than 62 hours. The aircraft said they tried to find their way to San Diego through a heavy fog, but suddenly leak in their gas line forced them to search for a suitable place to land at San Jacinto. This North Pole flight, like last month's flight from the Russian capital to Vancouver, was made in a monoplane.

He was for and against so many different measures, at different times, that people decided, perhaps unfairly, that he was a weakling.

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putting the resolution into effect. That Javier Pérez de Cossío has worked hard to make himself acceptable as an interlocutor in Tehran supports a cautious hope that the Iranians will not give their usual brutal rebuff to a council decision.

The U.S. government would like to be able to threaten Iran with an arms embargo if, as expected, Iran rejects the council call for negotiation and if Mr. Pérez de Cossío fails to generate support at least for a halt in the fighting. But it seems that an embargo remains a long shot. Too many countries sell arms to Iran or have political hesitations.

All this leaves President Reagan moving toward the reflagging. My sense is that having started it, he should go through with it and meanwhile try to use the new dynamic of joint Soviet-American urgency to switch the focus off the navigation issue, which is a diversion, and to beat down on getting something political going through the United Nations. While he is at it, he might make sure that his government, which lags unconscionably on its UN dues, pays up in full.

The writer is diplomatic correspondent for the weekly Die Zeit. He contributed this column to the International Herald Tribune.

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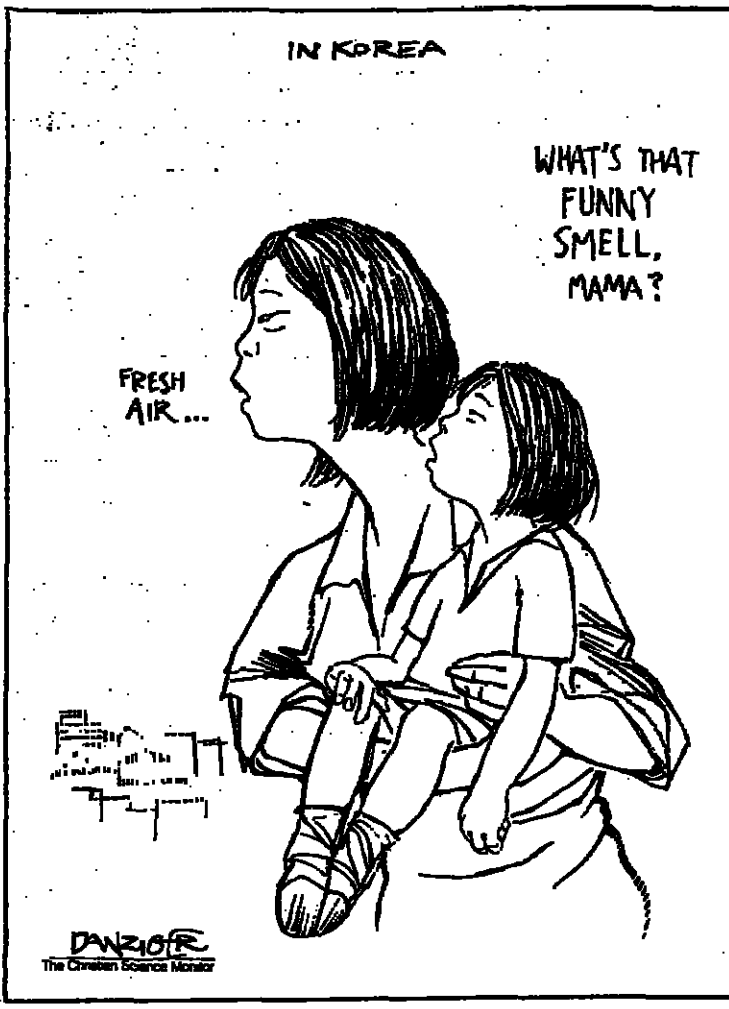


OPINION

The 'Loony Left' Blunders On How to Help the Koreans

By Charles Krauthammer

WASHINGTON — A quiz: Who is the author of the "Democracy in South Korea Act of 1987" Roh Tae Woo, chairman of the ruling party in South Korea, who dramatically acceded to virtually all popular demands for democracy? President Chun Doo Hwan, who backed up Mr. Roh and has promised a democratic transition? No, the "Democracy in South Korea Act" is the work of four U.S. senators (Kennedy, Kerry, Harkin and Mikulski) who, on June 18, in the midst of the South Korean riots, introduced a bill to bring the blessings of democracy to South Korea by means of a range of American economic sanctions. The legislation was stillborn. It was never passed, and by the time it would have gone into effect, the dictatorship had already pledged to dismantle itself. But the bill remains: a curiosity, a historical artifact of Democratic liberalism circa 1987. And for future legislative archaeologists, it illustrates perfectly three of its enduring characteristics: First, a touching and grandiose belief (consider only the name, the "Democracy in South Korea Act") in the power of the United States to redress the politics of benighted lands by means of well-intended resolutions of Congress. Second, an unerring resort to a single instrument — economic sanctions — as the solution to foreign-policy conundrums. And third, a very mean-edged partisan style. When Senator Edward Kennedy introduced his bill, he denounced the administration's "contempt for the struggle for democracy in other lands," adding, "We have learned to our regret in Congress that quiet diplomacy in this administration means no diplomacy." Within 12 days, Mr. Kennedy had to eat his words. Quiet diplomacy had now turned into "effective diplomacy" which, Mr. Kennedy was forced to concede on June 30, had helped bring about the near-miraculous outcome in Seoul. But Mr. Kennedy's complaints were ill-tempered 12 days earlier, even before events refuted him. "The secretary of state," Mr. Kennedy had charged, "instead of forthrightly calling for steps toward democracy, urges restraint and tilts toward the regime." Wrong on all counts. Secretary George Shultz did call for steps toward democracy. He did not tilt toward the regime. And calling for restraint while riots are taking place in 12 cities is hardly an offense. Moreover, Mr. Shultz had called for steps toward democracy long before the student riots provided a backdrop for grandstanding. On Feb. 6, Assistant Secretary of State Gaston Sigur delivered a speech calling for Koreans to begin "permanently 'civilizing' their politics" (that is, for an end to military rule) and urging a transition to "a more open and legitimate political system." The contempt-for-democracy charge is a particularly bum rap because, whatever its other errors (now being broadcast live on national television), Reagan foreign policy under Mr. Shultz has taken the notion of democratization very seriously. Perhaps more than anyone since Woodrow Wilson attempted a parchment version of the idea, Mr. Shultz has attempted to make the promotion of democracy central to American policy in what is now called the Third World. The policy is twofold. The Reagan Doctrine pledges American help to those trying to overthrow Communist dictatorships. What has been called the corollary to the Reagan Doctrine pledges American help to those trying to democratize non-Communist, often pro-American dictatorships. The latter is not a theoretical exercise. In 18 months, the United States has had to move decisively in Haiti, the Philippines and South Korea. It is now challenged again in Panama, where the administration finds itself arrayed against the current dictator. For its efforts, the administration has earned a stinging of the U.S. Embassy in Panama City and an ostentatious tête-à-tête between Panama's dictator, Manuel Antonio Noriega, and his Messianic counterpart, Daniel Ortega Saverdra. They jointly denounced U.S. interference in the internal affairs of Central American countries. Interfering in others' internal affairs to promote democracy is not an easy sell domestically, either. On the one hand, some conservatives argue that a zeal for democracy can only destabilize friendly countries. The answer is simple: You do not blindly threaten or weaken regimes where there exists no democratic alternative. What the United States can do, and has done with fair success in three countries, is to act decisively in favor of democratic forces in a crisis, when the situation is fluid and forceful diplomacy can be effective. Yet liberals like Mr. Kennedy complain when the U.S. government does not resort reflexively, at the drop of a riot baton, to punitive measures, invariably economic and often designed for their costlessness (to Americans). Indeed the "Democracy in South Korea Act" had the not accidental virtue of imposing barriers to Korean exports, something, hometown protectionists could be counted on to appreciate. Nonetheless, even carping Kennedy performs a service. They allow a Gaston Sigur to go to South Korea and say to the generals that if they do not do something to accommodate him, they may soon have to face the loony left in Congress. The commentator Morton Kondracke calls this playing the "bogyman" role. Bogyman make for a fine political oppo- sition: irresponsible, scary and thus useful. Turn government over to them, however, and you have a nightmare. Washington Post Writers Group.



Where Luck Ends, We Need Government

By Richard Cohen

WASHINGTON — A staple of the stories written by Horatio Alger is sheer, wonderful luck. Our Hero stops a runaway horse and carriage. The frightened and, of course, grateful passenger happens to be the beautiful daughter of a rich man. Our Hero is on his way to material success. He is industrious and brave. But mostly he is lucky. The passenger could have been the ugly daughter of a poor man. That element of luck, undeniably important in anyone's life, is nevertheless essentially unfair. On a given day, a child will be born to poor ghetto parents and another will come into the world heir to a fortune. To a modest degree, we count on government to inject some equity into life's unfair situations. Education is one area where we expect it to do so. But luck — the sheer luck of birth and, even, of location — now plays an even greater role in a child's chances of getting a good education and, especially, of going to college. Nothing illustrates that better than the exemplary work of Eugene Lang, a millionaire industrialist. Six years ago, he promised a class of New York sixth-graders, all of them poor, that if they could get to college, he would pay for it. Thirty of the original 59 students appear ready to take up his offer. They are college-bound. Mr. Lang's idea has been copied. Recently, a Philadelphia stockbroker and his wife announced they would pay the college tuition of 116 ghetto kids, all of them now in the sixth grade. A Virginia real-estate developer has made a similar

offer to students at a Washington elementary school. In fact, more than 100 classes of mostly poor kids in 15 cities have been adopted by wealthy individuals. And it seems the offers have made a difference to these students. Drop-out rates are lower than usual and an astounding number of them seem headed for college. But this is really a Horatio Alger story in its best and worst sense. For the kids, the key element is luck — the sheer good fortune to attend a school adopted by a wealthy person. So some kids have their college tuition paid for while others, maybe a block away, do not. The Lang approach has been widely, even lavishly, praised. This is an example, we are told, of that most wonderful of all things — private initiative. The praise is not just a reflection of conservative yahoosism. Most of the wealthy people who have put up their money for college tuitions have become involved with the schools they adopted and the kids who attend them. They counsel, they mediate, they encourage. Nothing takes the place of a person who cares. But nothing — not even good-hearted millionaires — can substitute for government's obligation to offer what some kids receive by sheer luck. Over the last six years, the Reagan administration has cut the federal higher education budget by about \$3 billion. What remains mostly are loans which, for the poor, are often daunting. Outright stipends for poor students, the so-called Pell Grants, are limited to \$2,100 a year — hardly sufficient to cover the cost of room and board that often exceeds \$10,000 a year. In an era in which the cost of obtaining a higher education has zoomed, the federal budget for it has been cut. Much has been made recently of competition and productivity. America's ability to compete internationally reflects many factors, but certainly one of them is education. The administration has met this national crisis with words, exhortation and bromides, such as it needs to teach values. At the same time, it has attempted to gut the Head Start program for pre-schoolers and has made it harder for all but the affluent to send their kids to college. The most important resource the nation has is the minds of the people. It is renewable. Unlike, say, copper or oil, it cannot be depleted unless it is allowed to be. Tragically, we are allowing it to be. Mr. Lang and other good people have moved to fill a financial void that should not exist in the first place. A student's higher education should not depend on the benevolence of an alumnus or the charitable caprice of a wealthy person who may later turn to other interests or run out of money. Even in an era of limited government, when it comes to education, Horatio Alger stories are not uplifting. They're tragic. The Washington Post.

LETTERS TO THE EDITOR

Maneuvers in the Gulf: The Real Stake Is Domination

In "Cooperate for Peace in the Gulf" (July 4), Flora Lewis states that "in the short run, U.S. and Soviet interests in the area coincide." And the demarche of Richard Murphy, assistant secretary of state for Near Eastern and South Asian affairs, in Geneva ("U.S., Soviet Discuss Gulf," July 7) is only one of many attempts to bring the Soviets on board in the UN Security Council. In these efforts, one catches faint echoes of the Concert of Europe, which lasted 100 years after the Congress of Vienna in 1814-1815. The Concert is often dismissed as a cover for a century of European domination of the world. But the five great powers, whose political systems ranged from democracy to czarist autocracy, did manage to maintain tacit agreement on common practices in the conduct of their relations with one another, with minor powers, and with less developed areas of the world. On this agreement hung the preservation of global peace. The system was shattered by the follies of nationalist leaders in 1914 and was ground to bits in the rivalry of the superpowers after 1945. That rivalry, now fiercely ideological rather than specifically territorial, has dimmed the perception of common interest in the Gulf, as elsewhere around the world. Neither superpower has a defensible interest in promoting Kuwaiti shipping. Domination in the area is the real stake not only for the Kremlin but for the White House, which has added jargon about peace and free navigation almost as an afterthought. A concert of interests among great powers might provide the basis for peace, but in the context of the 1980s the concept is an illusion. And the United Nations provides no substitute. JOHN BOVEY, Cambridge, Massachusetts.

Pure Protectionism

Regarding "Proposed FAA Rules Worry Foreign Firms" (Special News Report on Aviation, June 15): Regardless of what the Federal Aviation Administration says, its proposal to forbid non-U.S. companies to maintain and repair U.S.-registered transport aircraft has nothing to do with air safety; it is pure protectionism. Worldwide — and this includes the United States — there are very good and some not-so-good maintenance and repair organizations. If you read some of the National Transportation Safety Board accident reports that have identified bad maintenance and repair practices as accident causes, you will find that even some of the best U.S. companies had not done their work right. The only fair approach to the problem would be to deal with bad practices on a company-by-company basis, regardless of the country of origin. H. TAYSL, Bremen, West Germany.

Those Misshapen Sentinels

Regarding "In Life's Imperfect Garden, Even a Weed Has Its Place" (May 19): What a delightful opinion column by Ellen Goodman on the merits of leaving the "stranger in the garden" so that some semblance of nature remains in an otherwise "perfect" garden. My late father and brother, both gardeners, would certainly agree with her. And so do I. The most beautiful trees in the world are gnarled, misshapen sentinels of nature. The most prolific gardens are not necessarily the well-trimmed ones. I cried the day I stood and watched the Morton Bay fig trees being "manicured" in Monaco. It did such an injustice to those great and beautiful giants which should be allowed to grow the way nature intended them to grow. Natural beauty should never be permitted to be destroyed just to please someone who thinks man can do better. For real beauty, leave well enough alone. ELEANOR E. BARRUCAND, Menton, France.

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ARTS / LEISURE

Emile Zola, Contented Cameraman

PARIS — A work of art, Emile Zola wrote, is a corner of creation seen through an individual temperament. The camera he saw were many: not only the grim poverty depicted in his naturalistic novels but also the small bourgeois Sundays of his photographs —

MARY BLUME

dappled lawns, laughing children, amazing horseless carriages and plump ladies in sturdiest of bonnets on their knees.

Zola was admired as a crusading novelist: on the side he was a contented shutterbug as well. A selection of his photographs can be seen until Aug. 29 at the Musée-Galerie de la Seine at 12 Rue Surcouf.

The novelist began taking pictures in the late 1880s but had for 20 years been a friend of the pioneering photographer Nadar, whom he used to see in an artists' cafe in the Place de Clichy (in the same cafe Zola introduced Manet to Cézanne).

Unlike Degas, who took very beautiful photographs (some of them are included in the present

show, along with photos by Vuillard and Bonnard), Zola showed mostly a strong technique and a sharp eye. His visual memory was so acute, he once said, that the sunlight he remembered dazzled him still.

As a photographer his approach was strictly that of a hobbyist: He referred to picture-taking as his "Violon d'Ingres" and he loaded himself down with equipment, owning as many as 10 cameras. He shot in all weather and even snapped the brand-new Eiffel Tower at night; he did his own developing and printing and he invented a device so that he could include himself in groups.

While one might expect Zola's pictures to have provided grim research for his novels, most of his great works had been written by the time he took up his hobby and in any case for him photography meant relaxation and fun.

Like any simple tourist he photographed the Forum in Rome and the Great Exhibition of 1889 in Paris, marveling not only at Eiffel's tower but also at the moving sidewalk, which was 3,400 meters long. In England on his 11-month exile during the Dreyfus case, he

snapped the Crystal Palace and a lone bobby on a London street.

His wide-view city scenes sometimes have the eeriness of Atget's pictures, but above all Zola photographed the comfortable solid life around him: his servants, stablehand and horse named Bonhomme, the countryside around his house in the Seine valley and, above all, his family.

As a careless photographer Zola had the benefit of two families to snap: one legitimate and headed by his wife Alexandrine, the other consisting of his mistress, Jeanne,

and their daughter and son. The novelist divided his time, and his photographic plates, between them. The photographs are accomplished and gay, the sunny side of the social upheavals he chronicled in his books.

The Seine museum, where the photographs are on view from 11 A.M. to 6 P.M. except on Sundays, is a pleasant and imaginatively used space born of a moral dilemma. It belongs to the Société Nationale d'Exploitation Industrielle des Tabacs et Allumettes, the government-owned cigar, cigarette, tobac-

co and match monopoly that has a revenue of 34 billion francs a year and employs 7,500 people.

While many countries have tried to urge their citizens to stop smoking, the French government's efforts have been meager and erratic, since cutting down on smoking would also reduce revenues. The Seine museum was founded as a public relations effort on the part of the tobacco industry and it has with modest but well-presented exhibitions consistently proved to be more worthy of praise than the reason it was created.



Zola and his children, shortly before his death.



Zola's second family in the woods around the home at Verneuil.

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Twelfth Night: A Chill Wind in Illyria

By Sheridan Morley

LONDON — Stratford's new "Twelfth Night," directed by Bill Alexander, has one of those sets (here by Kit Surrey) that do most of the acting before the players have a chance to take up residence. "Which country, friend, is this?" "Illyria, lady" is thus an odd

THE BRITISH STAGE

opening exchange, since we are clearly in some Greek island where you constantly expect to find Zola setting up a dancing academy for the tourists.

A highly picturesque, sunbaked and white-walled little square with its own functioning water pump and a candlelit shrine to Olivia's dead brother might not appear to be the most likely location for this traditionally chilly play, and its permanence means that we cannot actually move with Feste from Orsino's court to Olivia's mansion or Malvolio's prison. In order for anything to happen or anyone to meet, the cast instead has to assemble around the pump. But once you make that geographic leap, and get acclimatized to the heat, there emerge certain distinct advantages.

First of all, Antony Sher can play Malvolio looking like Groucho Marx dressed as a Greek non-too-Orthodox priest, in a performance which allows for a reversal of the usual character development. This steward starts effectively mad, pursuing Viola around the square with Olivia's ring like a manic traveling salesman, and only becomes increasingly and alarmingly sane as he is incarcerated in a prison for lunatics. Yet although he is single-mindedly taking on all the great Olivier roles in his time with the RSC, first Richard III and in this season a Shylock as well, Sher seems to recognize that he is not a natural comedian. When the going gets tough, he neatly replaces Malvolio somewhere down the cast list in what then becomes a company play about mutual deceit.

The rest of the casting is equally offbeat. A thin and distinctly unjo-

vial Sir Toby Belch from Roger Allam, an unusually meek Olivia from Deborah Findlay and a Viola from Harriet Walter who looks as though she would far rather be leading a troupe of Girl Guides on an archaeological dig around the island than sorting out the complex romantic obsessions of Orsino and Olivia while disguised as her own missing twin brother.

Orsino himself (Donald Sumpter) is an aged, melancholic lover, outclassed even in this specialist category by David Bradley's superb Aguechoek, a man of such total exhaustion under a burning sun that he can barely drag himself to the end of a sentence, let alone the beginning of a duel. Add to them a Mazza (Pippa Guard) who instead of the usual chubby housekeeper is far and away the most sexily glamorous character on stage, and it becomes clear that Alexander wishes us to consider the play not only in a new setting but also peopled by characters we have never really met before.

The result is a kind of holiday romp shot through with dark and scary moments when the sun suddenly goes behind a cloud and it gets unexpectedly chilly. There is no attempt to pretend that, even when all the partners do get sorted out into their correct sexes and couplings, the general happiness will last for much longer than the average summer romance, and we are left alone with Feste singing of the wind and the rain presumably somewhere well away from the offices of the local tourist board.

When Turgenev first published his "Fathers and Sons" in 1862, it seemed satisfactorily to irritate almost everyone: Conservative readers were appalled by an apparently sympathetic portrait of Bazarov, literature's first great nihilist, while radicals felt that far too much kindness had been lavished on the old aristocratic family with whom he goes to spend a few languid months in the country. Those less politically concerned are usually now able to recall the novel, often with diffi-

culty, for one scene toward the end where the rich widow who has refused Bazarov's love nevertheless kisses him once she discovers that he is dying after heroically working his way through a typhoid epidemic. This is a moment of melodramatic self-sacrifice which Brian Friel bravely ignores altogether in the gently moving play he has carved out of the book for a Michael Rudman production on the National's Lyttelton Stage.

Friel is an intelligent and intriguing choice for this task. His adaptation of "Three Sisters" and above all his writing about the roots of the current Irish troubles in "Translations" suggest a playwright wonderfully able to set domestic drama in the forefront of social upheaval, and what we have now is the realization that, despite its apparently neat arrangement of political and intellectual opposites, "Fathers and Sons" is really about the way the natural order of the world starts with a strict ordering of the generations. Nothing is so important, not even the future of Russia, as the fact that one of the fathers of the title is to marry again on the same day as his own son, while the other is forced to bury his own heir. History has thus been disturbed around the samovar, and it is only a matter of time before that disturbance starts to spread.

The sons are in fact fellow students: Bazarov (Robert Glenister in a state of clenched though un-specific social indignation) has come to stay for a summer with the family of Arkady (a wistful Ralph Fiennes) only to find himself in a pre-Chekhovian household where Alec McCowen as the father is clearly in training for Vanya while Richard Pasco (as the decaying dandy uncle who once spent 10 years unsuccessfully pursuing a princess across Europe) is getting closer day by day to Gayev in "The Cherry Orchard." But the immediate contrast between the sons, one

rabid for social change while the other is about to inherit an admittedly fast-disintegrating estate, gets soon confused by Bazarov's hopelessly low for the wealthy widow and by his inability to come to terms even with his ideologically acceptable parents (Robin Bailey and Barbara Jefford in gloomy isolation), so that in the end the typhoid epidemic simply offers him an irrelevant kind of martyrdom as a way out of social and filial confusion.

A Chekhovian search for happiness and a new Russia is already here, but filtered through Turgenev's more realistic familial vision of a world where relative values are determined by second marriages and mad old aunts and sudden death rather than the forces of the outside world. Beyond a duel instigated by the Pasco character

known as "Beau de Cologne," and the final typhoid death, this is a play in which not a lot happens.

But at a time when members of the new government seem to be again asking why we need a subsidized state theater, Rudman's production provides a perfect answer: Because nowhere else in the world will you find ensemble acting of this caliber.

Just try telling a commercial sponsor that you'd like a cast of 16, including some of the most highly respected character actors in the land, plus a small orchestra, to turn a largely forgotten Turgenev novel into an evening of classical distinction maybe twice a week in repertoire for six months on the South Bank and see how long it takes him to write the check. I would guess about a decade.

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AT&T	5780	32 1/2	32 1/2	+ 1/4
IBM	2960	120 1/2	120 1/2	+ 1/2
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8
WYNN	2100	1 1/2	1 1/2	+ 1/8

NYSE 4 a.m. volume	184,800,000
NYSE prev. close	17,200,000
NYSE 4 a.m. volume	11,400,000
NYSE prev. close	11,400,000
NYSE 4 a.m. volume	11,400,000
NYSE prev. close	11,400,000
NYSE 4 a.m. volume	11,400,000
NYSE prev. close	11,400,000
NYSE 4 a.m. volume	11,400,000
NYSE prev. close	11,400,000
NYSE 4 a.m. volume	11,400,000
NYSE prev. close	11,400,000

High	Low	Open	Close	Chg.
Composite	1747 1/2	1747 1/2	1747 1/2	+ 1/2
Industrial	1747 1/2	1747 1/2	1747 1/2	+ 1/2
Transportation	1747 1/2	1747 1/2	1747 1/2	+ 1/2
Utilities	1747 1/2	1747 1/2	1747 1/2	+ 1/2
Finance	1747 1/2	1747 1/2	1747 1/2	+ 1/2

**Tuesday's NYSE Closing**  
Via The Associated Press

Class	Prev.
Advanced	1.00
Declined	0.50
Unchanged	0.50
Total Issues	1.00

Class	Prev.
Advanced	1.00
Declined	0.50
Unchanged	0.50
Total Issues	1.00

Vol.	High	Low	Last	Chg.
BAT	100	100	100	+ 1/4
IBM	100	100	100	+ 1/2
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8
WYNN	100	100	100	+ 1/8

Bonds	Close	Chg.
Utilities	97.20	+ 0.10
Industrial	97.20	+ 0.10

Class	Prev.
Advanced	1.00
Declined	0.50
Unchanged	0.50
Total Issues	1.00

Buy	Sales	'87/1
July 13	26,021	1,500
July 14	23,471	1,500
July 15	27,146	1,500
July 16	27,146	1,500
July 17	27,146	1,500

Index	Open	High	Low	Last	Chg.
Industrial	2452.4	2452.4	2452.4	2452.4	+ 1.2
Transportation	1042.8	1042.8	1042.8	1042.8	+ 0.2
Utilities	1042.8	1042.8	1042.8	1042.8	+ 0.2
Comp	1042.8	1042.8	1042.8	1042.8	+ 0.2

Index	High	Low	Close	Chg.
Industrial	2452.4	2452.4	2452.4	+ 1.2
Transportation	1042.8	1042.8	1042.8	+ 0.2
Utilities	1042.8	1042.8	1042.8	+ 0.2
Comp	1042.8	1042.8	1042.8	+ 0.2

Class	Prev.
Advanced	1.00
Declined	0.50
Unchanged	0.50
Total Issues	1.00

High	Low	Open	Close
34.71	34.71	34.71	+ 0.14

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
29 1/2	27 1/2	AAR	1.00 10	29 1/2	27 1/2	28 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4

### Earnings Lift NYSE to Record

**NEW YORK** — Prices on the New York Stock Exchange reached record levels Tuesday, buoyed by positive earnings news, especially from high technology groups.

The Dow Jones industrial average climbed 28.38 points to close at 2,481.35, above the record 2,463.97 set July 8. The closely watched index fell 3.02 points Monday.

Advances led declines by a 2 to 1 ratio. Closing volume totaled around 185.85 million shares, above Monday's 152.8 million.

"All I'm seeing is buyers," said Brad Weeks, senior vice president in charge of sales and trading at Donaldson Lufkin & Jenrette.

Good corporate earnings news helped drive the market higher. So far this week, Apple Computer, NCR, Honeywell, Intel and Advanced Micro Devices have reported improved earnings.

Traders cited a prediction from the widely followed technical analyst, Robert Prechter, that if the Dow moved through "resistance" at 2,471, it will climb to 2,600.

But Robert Ritter, technical analyst at L.F. Rothschild, said the market has also gone up simply because everyone thought it was going to go down. "The market has been consistently perverse," said Mr. Ritter.

A pivotal factor for the market, said Jack Baker, head of equity trading at Shearson Lehman Brothers, is the May U.S. trade figure due Wednesday, which Wall Street economists are estimating at \$13 billion to \$15 billion.

"If the figure comes in at \$11 billion, the rumor today, we are going to be in for a run-

away gain tomorrow," Mr. Baker said. "But if it comes in at \$15 billion or higher, we can write off everything we saw today."

The market was mildly disappointed with IBM's results. The computer giant's second-quarter net income — \$1.95 a share, down from \$2.12 in the year-ago quarter — were close to the line with Wall Street's expectations but a little below the hopes for better news that drove the stock up nearly 53 Monday.

But IBM's decline did not deter the rest of the technology sector, which scored its second straight gain. Optimism remains intact and strong earnings by Apple Computer and NCR on Monday, and Honeywell on Tuesday were encouraging, traders said.

Honeywell rose \$2 to 84 1/4. NCR 1 1/4 to 76 1/4 and Cray Research 3 1/4 to 103 1/4. Digital Equipment, having risen 4 1/4 Monday, added 2 1/4 to 166 1/4 and Prime, a point gainer Monday, jumped another 1 1/4 to 28 1/4.

Smith Barney's recommendation of Motorola, and a general celebratory atmosphere about earnings prospects, pushed shares of semiconductor producers higher in active trading, analysts said.

A day after Intel reported a 43 percent rise in revenues and a sharp gain in earnings, and Advanced Micro Devices reported a first quarter profit for the first time in two years, investors snatched up shares of the chipmakers.

Motorola rose 1 1/4 to 56 1/4 and Texas Instruments 2 1/4 to 62 1/4. Intel climbed 2 1/4 to 43, National Semiconductor 1/4 to 13 1/4, but Advanced Micro Devices eased 1/4 to 18 1/4.

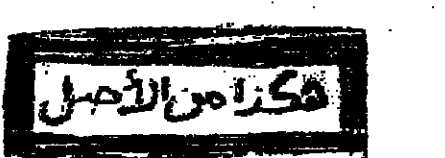
(Reuters, UPI)

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29 1/2	27 1/2	AAR	1.00 10	29 1/2	27 1/2	28 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
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11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
29 1/2	27 1/2	AAR	1.00 10	29 1/2	27 1/2	28 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
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11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
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11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
11 1/2	10 1/2	ADT	0.50 10	11 1/2	10 1/2	11 1/2	+ 1/4
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12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
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(Continued on next left-hand page)





MADISON AVENUE

Club Med Asks Ammirati To Polish Image — Again

By PHILIP H. DOUGHERTY

NEW YORK — Club Med is returning to Ammirati & Paris, the agency that developed the line "Club Med Vacation. The Antidote For Civilization." And its ad budget is \$11 million: the antidote for agency management depression.

The North American subsidiary of Club Méditerranée in Paris, which in its many "villages" worldwide offers vacations to one million guests annually, has had its account at N. W. Ayer, Ayer, & Co. for more than 10 years. It had been preparing sales advertising rather than image advertising.

When Jacques Girard, president and chief executive of Club Med Inc. and Club Med Operations, decided to return to image promotion, he decided also to return to its original source.

The reasoning behind Club Med's advertising, he said, is that it is not actually to sell a potential vacationer on going to one of the "villages" but rather to give ammunition to former vacationers to talk it up to those who have never been to one.

"About 73 percent of our guests are there because of word of mouth," Mr. Girard said.

The first issue of AIDS Patient Care: A Magazine For Health Professionals is to be published this week by Mary Ann Liebert Inc., a New York publisher.

It will appear six times a year, with 25,000 copies sent free to individuals and organizations involved in the care of patients with acquired immune deficiency syndrome. The basic ad rate is \$950 for a black and white page.

The company has 39 publications in print or close to it. All deal with health care and two others also have to do with AIDS. About two years ago the company began to publish AIDS Research and Human Retroviruses. Last spring it established the Amfar (American Federation for AIDS Research) Directory.

Changing Times is delivering the message that it is "a magazine that helps you manage yourself and your money in a changing world."

In a single 30-second television commercial from Levine, Huntley, Schmidt & Beaver, a bearded hippie of the late 1960s proclaims: "Who needs money, man?" A teletyped note that clatters across the bottom of the screen shows him to be today's president of Bio-Tech Lasers with a personal worth of \$3 million.

A frantic female from a 1970s demonstration is today's headmistress of the Little Lady Chalm School in Westport, Connecticut.

For a parting shot, a neat chap in white shirt and braces turns out to be doing three to five years in prison for insider trading.

Armed with research data from Yankelevich Clancy Shulman, Nicholas H. Niles, the publisher of Changing Times, noted that there was a great change in the American people from the 1970s to the 1980s. In that earlier time, he said, the feeling was: "I can have it all. Money comes easily."

More recently, he said: "People began to lack confidence. They feel that they can't compete with the Japanese, that their children are going to be worse off than they were. There is a change in the population's outlook and the way they deal with things. To feel more secure, what they needed was information."

Changing Times, which recently celebrated its 40th anniversary with a circulation of 1.25 million last year, carried 24 pages of advertising, up from 491 in 1945.

People

- John Blauner has been promoted to senior vice president of FCBLKP Targeted Marketing Services, the direct response and sales promotion division of FCBLLeber Katz Partners. Alan V. Schwartz has been named executive vice president, chief operating officer and financial officer of Bernard Hodes Advertising.

Currency Rates

Table with columns for City, Bid, Ask, and other currency rates for various international locations.

Table with columns for Country, Currency, and Exchange Rate for various international currencies.

Interest Rates

Table with columns for Term, Rate, and other interest rate data for various financial instruments.

Table with columns for Instrument, Rate, and other key money rate data.

Table with columns for Instrument, Rate, and other U.S. money market rate data.

Gold

Table with columns for Location, Price, and other gold market data.

IBM Net Off 9.8%, Sales Up

Drop in Quarter Depresses Shares

NEW YORK — International Business Machines Corp. said Tuesday that its earnings had fallen 9.8 percent in the second quarter to \$1.178 billion, disappointing investors who knocked more than \$2 off its share price.

The decline from \$1.305 billion in the corresponding 1986 quarter was the computer giant's fifth straight quarterly drop, confounding recent speculation that earnings might improve.

On a per-share basis, net earnings fell to \$1.95 from \$2.12 in the 1986 second quarter, despite a 4.3 percent rise in revenue to \$12.80 billion from \$12.27 billion.

Some analysts had expected IBM's earnings to be even lower, at \$1.85 a share, according to Institutional Brokers Estimate Service, compiled by Lynch, Jones & Ryan.

But in recent weeks Wall Street had grown increasingly optimistic about IBM's prospects, especially for its Personal System/2, a new family of personal computers that the company said was selling well.

IBM's stock price fell \$2.375 to close at \$167.50 in heavy trading on the New York Stock Exchange.

"People were expecting too much, too soon," said Stephen Smith of PaineWebber.

Despite the earnings decline, some of the gloom that has afflicted IBM since mid-1985 has lifted. Analysts have given the company high marks for regaining lost ground in the personal and minicomputer markets, increasing revenue from software and maintenance services, and keeping costs in line.

Rick Martin of Sanford C. Bernstein & Co. said Wall Street analysts were hoping for a better performance. "Everybody had their fingers crossed," he said. But, Mr. Martin added, the generally lackluster second-quarter figures do not forebode a poor showing for the remainder of 1987. "We continue to feel the turnaround in earnings will start in the second half," he said.

(Reuters, AP, UPI)



Harried traders in Singapore provide a visual index of Asia's equity boom.

Stock Boom Tests Asian Exchanges Markets Wrestling With Home-Grown Restrictions

By Patrick L. Smith International Herald Tribune

BANGKOK — Not much more than a year ago, the only thing that seemed to stir brokers at the Securities Exchange of Thailand was the arrival of a foreign visitor: With no apparent sense of the absurd, they would team up with floor clerks to demonstrate what trading would be like, if only there were any.

Similarly, the Korea Stock Exchange was something of a local joke when it completed a vast, computerized home for itself in the early 1980s. After a few desultory transactions at the opening bell, it would have been possible to play volleyball on the trading floor without much interruption.

But for these two exchanges and many others in East Asia, things are dramatically different now. In line with a worldwide trend, the region's emerging stock markets have attracted unprecedented amounts of local and overseas capital.

Yet the sudden influx of capital has forced every small exchange in the region to confront inadequacies that could either retard growth to some extent or increase the risk of a sudden collapse.

Trading volume, in some cases, has increased as much as fivefold from 1986 levels. Market indexes have risen up to 120 percent in the same period. Exchanges once begging for business are now overflowing. In Kuala Lumpur, for instance, the average daily turnover has risen to about 50 million ringgit (\$19.61 million at current exchange rates) from 11 million ringgit in the past year.

Just before opening a larger, partially computer-

ized trading floor two months ago, the Kuala Lumpur Stock Exchange cut half an hour from its daily trading time. "There was just too much activity," said Nik Mohamed Din, the exchange's chairman.

In many respects, the blossoming of East Asia's small markets is the fulfillment of an ambition long cherished by government officials in the region, as well as brokers, traders, international fund managers and development experts. Asia's "economic miracle," they have often argued, has been too often financed by debt rather than equity, leaving corporations throughout the region over-borrowed and financial systems underdeveloped.

The desire to reduce a traditional dependence on Asia on commercial bank credits has been especially pronounced over the past several years, as nations such as South Korea, Malaysia, the Philippines and Thailand have reached the prudent limit on their ability to generate the hard currency to repay their loans.

The exchanges themselves are tiny: Taken together they amount to about \$130 billion in capitalization, a fraction of the roughly \$2.7 trillion each for stock markets in the United States and Japan. Nonetheless, many analysts predict that Asia's junior bourses, along with the more mature Hong Kong exchange, will become global leaders for return on investment.

The International Finance Corp., a World Bank affiliate that has been instrumental in nurturing capital markets in developing countries, predicted

See ASIAN, Page 13

U.S. Retail Sales Rose a Sluggish 0.4% in June

WASHINGTON — U.S. retail sales rose a smaller-than-expected 0.4 percent in June, with virtually all of the increase coming from auto purchases, the Commerce Department said Tuesday.

Economic forecasters had expected sales to rise 0.5 percent to 0.7 percent during the month. It was the fourth straight month of virtually unchanged sales. Retail sales have moved less than 0.5 percent up or down since February.

Total sales in the first half of this year slipped 0.1 percent from the final six months of 1986, a sign that consumers' free-spending ways have ended and a hint of continued sluggish growth in the economy.

The weak growth is causing fears of recession because consumer spending accounts for about two-thirds of U.S. economic activity.

After the June figures were released, Commerce Secretary Malcolm Baldrige said consumer spending was unlikely to be the major driving force for economic growth this year.

"Total real personal consumption spending probably rose" in the April to June quarter after two quarterly declines, he said in Washington. "Consumers should continue to lift their spending modestly, but they will not provide the economy's driving force this year."

The 0.4 percent increase compared with May's revised 0.3 percent drop in sales, originally reported as a 0.6 percent fall.

The June figures also were up 4.5 percent from a year earlier, but sales were well below their record of \$129 billion last September.

After accounting for seasonal factors, the government estimated that retail sales totaled \$125.1 billion in June, up \$531 million from May.

Sales of durable goods, or items made to last three or more years, increased 0.8 percent to account for \$48.1 billion of June's total.

Auto dealers enjoyed the most success of that group, with sales rising 1.9 percent to \$28.1 billion.

That increase came despite a decline in sales of U.S.-made cars from a year earlier. Higher sticker prices or a tendency to buy more

foreign models made up for the difference.

Sales of nondurable goods went up 0.1 percent to total a seasonally adjusted \$76.97 billion.

Clothing stores posted the only substantial gain, 2.4 percent.

Economists have attributed the flat sales reports to reluctance by consumers to purchase such major items as cars and furniture while they carry record high debt levels and personal income is growing weakly.

(UPI, AP, Reuters)

At World Bank, Reserves Expected To Eat Up Profit

WASHINGTON — The World Bank's profit this year is likely to be used entirely to bolster reserves against potential losses from Third World loans, bank sources said Tuesday.

If that happens, funds may be withheld from the International Development Association, the bank's concessional lending arm to the poorest nations, which usually receives \$100 million to \$250 million from the annual profit.

The bank's profit, to be announced next week, is roughly \$1.05 billion for the year ended June 30, the sources said.

According to one source, pressure to add to reserves reflects concern in financial markets over an increase in the bank's arrears at a time when its reserves have fallen because of the decline of the dollar.

The sources said that some bank directors may argue that a contribution should still be made to IDA. "But management believes the market perception must be dealt with first," one source said.

The action would follow recent increases in loan-loss reserves by leading U.S. and foreign commercial banks.

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outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra. Republic is firmly committed to such sound, traditional banking practices as diversification

your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

and the maintenance of a strong capital base.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds.

It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course, New York.

The dedication to excellence of Republic National Bank is a natural



And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

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FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$16.8 billion SHAREHOLDERS' EQUITY: US \$1.6 billion







BUSINESS ROUNDUP

Holmes à Court Seeks Texaco Stake Over 10%

NEW YORK — Investment companies led by Robert Holmes à Court, the Australian entrepreneur, said Tuesday that they had again raised their stake in Texaco Inc. and were seeking U.S. government permission to increase it to more than 10 percent.

In a filing with the Securities and Exchange Commission, the group of companies indicated it had raised its stake in Texaco to 9.6 percent of the energy giant's 242.2 million common shares outstanding.

The group also stated that it had asked the Federal Trade Commission and the Department of Justice for an early termination of the 30-day waiting period that is required for it to raise its stake to more than 10 percent.

Texaco's stock fell 37.50 cents to close at \$43.75 a share on the New York Stock Exchange following the announcement.

It was the third time in the past several days that the Perth-based investor disclosed he was raising his holdings in Texaco. Mr. Holmes à Court, who first disclosed in May that he held a 6.4 percent stake in Texaco, last week in separate filings indicated he had raised his holdings to 7.4 percent and then to 9.4 percent.

Mr. Holmes à Court's heavy purchases have heightened speculation that the company might be close to a settlement of its multibillion-dollar legal dispute with Pennzoil Co. or that he was attempting to press for a settlement that could send the value of his holdings skyrocketing.

There also has been speculation that Mr. Holmes à Court might attempt a takeover of the company. In disclosing his initial stake, Mr. Holmes à Court indicated his stock purchases were for investment purposes only and he did not intend to mount a takeover attempt.

A Texas state court jury has ordered Texaco to pay \$10.35 billion in damages to Pennzoil for wrongly interfering in Pennzoil's attempted merger with Getty Oil Co. in 1984. Texaco is appealing the judgment. In April it filed for Chapter 11 bankruptcy protection from creditors to forestall enforcement of a Texas legal requirement that it post a potentially ruinous \$12 billion security bond while conducting that appeal.

Tuesday's filing indicated that Mr. Holmes à Court's group held 23.3 million Texaco common shares, including 300,000 shares purchased at \$45.25 a share from last Thursday to last Friday.

The group stated that if the government approved its request to raise its holdings above 10 percent, it might continue acquiring shares once the 30-day waiting period expired on Aug. 13.

NYSE Ruling Appears to Allow Bilzerian to Reopen Battle for Pay 'N Pak

NEW YORK — The takeover contest for Pay 'N Pak Stores Inc. may be about to start again following a ruling by New York Stock Exchange officials that Morgan Stanley & Co. did not appear to have the right to cancel a huge stock trade by Paul A. Bilzerian. The transaction would have given the Florida investor control of the Pacific Northwest retailing chain.

Partly because of Morgan Stanley's action, Rosewood Corp., a buyout group that includes Pay 'N Pak management, was able to acquire a 96.7 percent interest in the company, including Mr. Bilzerian's 10 percent stake, late Friday for \$212.5 million.

Mr. Bilzerian said in a telephone interview from Tampa on Monday, after the NYSE decision, that he would fight in court to void Rosewood's \$21-a-share tender offer if the exchange upheld his tender following an internal investigation.

He said that, if the NYSE compelled Morgan Stanley to honor the trade, he would appeal a temporary restraining order issued in federal court last week to block him from buying those shares.

He also said he would challenge Friday's tender on the ground that the holders of the stock did not legally own the shares. Mr. Bilzerian said he had given up and tendered his shares to Rosewood not because of the restraining order but because Morgan Stanley had canceled his trade. The shares in the trade would have increased his stake to 51 percent.

Mr. Bilzerian's attempt to buy 4.1 million shares of Pay 'N Pak has been the subject of debate since the brokerage house said Wednesday that it was canceling the trade because "it raised significant legal questions under the tender offer rules."

Now, however, the New York Stock Exchange says it does not consider the trade voided until all parties involved agree in writing to revoke the trade.

Donald J. Solodar, senior vice president for market surveillance at the NYSE, said that if all the parties involved in the disputed trade agreed to cancel, the exchange would not hold the broker responsible. Until then, he said, "a trade is a trade."

Another analyst said, however, that he thought Midland would be making a mistake to sell. "Greenwell is a splendid name in stockbroking, with extremely good-quality research," he said. "If Midland would put more resources behind it, they could still benefit substantially from it."

Since Sir Kit McMahon, Midland's chairman, joined the company last year, he has shown a resolve to prune away unprofitable or troubled businesses. Midland has undergone a major restructuring during his tenure and even bringing, beginning with the sale in February 1986 of Crocker National Corp. for £1.08 billion.

Midland has demonstrated that it's not committed to the equities business," said Rod Barrett, a banking analyst with Hoare Govett in London. "It may very well suit everyone all around if this sale goes through."

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Midland would retain two other Greenwell Montagu divisions that do agency broking for private clients and trade in the British government bonds known as gilts.

In March, Greenwell Montagu Securities posted a five-month trading loss of \$5 million related to equity market-making.

Midland said that, because of the loss, the bank was getting out of the business of making markets. Financial analysts viewed the decision as heralding a new phase of consolidation for financial groups in the extremely competitive environment following the London market deregulation last autumn.

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Midland Discusses Selling Greenwell Montagu Securities

By Nina Marrin International Herald Tribune LONDON — Midland Bank PLC, Britain's third-biggest financial services group, said Tuesday that it was discussing the possible sale of the institutional equity brokerage and research arm of its Greenwell Montagu subsidiary.

The decision was not unexpected, since Midland had stopped equity market-making in March. Analysts said that, according to market rumors, the potential buyer was a big U.S. or Japanese securities firm.

Midland would not name the party or discuss details of the talks, except to say that Midland had not made the initial approach, which came last week.

Analysts predicted that the unit, which was acquired in stages for an undisclosed price beginning in 1984, might bring as much as £15 million (\$24 million). Only Greenwell Montagu Securities would be sold. The division does agency broking in stocks for large institutions and has about 3 percent of the London Market, Midland said.

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Mellon Bank's Loss of \$566 Million Exceeds Prediction

NEW YORK — Mellon Bank Corp. reported Tuesday a larger-than-expected loss of \$566 million for the second quarter, after a \$55 million profit in the year-ago period, reflecting its previously announced \$415 million addition to reserves for troubled loans.

Also in line with the second-quarter trend at major U.S. banks, Chemical New York Corp. on Tuesday said it lost \$1.10 billion in this period, or \$21.34 a share, after a \$98 million profit one year ago, or \$1.85 a share. The loss included the already reported provision of \$1.1 billion in reserves for possible

losses on loans to countries that are restructuring their debts, bringing the reserves to about 25 percent of the total loans.

For the first six months, Chemical's net loss totaled \$1.02 billion, after a \$201 million profit in last year's first half.

Mellon's second-quarter loss is the equivalent of \$20.67 a share. In the second quarter of 1986, the Pittsburgh-based bank earned \$1.87 a share.

Tuesday's announced loss follows a first-quarter shortfall of \$60 million, the first quarterly loss in Mellon's 118-year history.

Last month, Mellon forecast a \$500 million second-quarter loss, based on the addition to its loan-loss reserves of \$290 million for international loans and \$125 million for domestic problem assets.

Mellon's reserve at June 30 stood at about 27 percent of the \$1.6 billion it had lent to the Third World.

But Mellon said Tuesday that the increase to its reserves also covered "losses that are expected to result from the continuing deterioration in the quality of loans to residential real estate developers in the Texas and Colorado markets."

Mellon added that its losses also stemmed from the poor performance of its mortgage banking subsidiaries and acquired real estate, and reflected problems in the trust department and costs associated with elimination of personnel.

In addition, Mellon said it marked down the carrying-value of a foreign investment and was unable to recognize a previously announced gain on the sale of its interest in Network Finance Ltd.

For the first six months of this year, Mellon registered a loss of \$626 million following profit of \$115 million in the corresponding 1986 period.

AMSTERDAM — Publisher Kluwer NV said in a joint statement Tuesday with the Amsterdam Stock Exchange that it was withdrawing a second line of defense in its battle against a hostile takeover bid from Elsevier NV.

The board had already withdrawn approval on Monday for a prospectus produced by Wolters Samsom Groep NV outlining its friendly bid for Kluwer, because of a passage relating to Kluwer's plans to protect its key legal publishing sector from Elsevier.

Kluwer had previously announced the placement of 2.5 million preference shares with a special defensive foundation and a further 2 million with Wolters.

On Monday it said that it was also protecting its Kluwer Groep Rechtszaken BV, the legal unit, by placing 5,000 ordinary shares, 5,001 preference shares and

one priority share with further special foundations. This double construction was only briefly referred to in Wolters Samsom's prospectus, published last week. The board reacted to Kluwer's clarification by withdrawing approval for the document while it investigated the construction and the way it was publicized.

The board said Monday that, because the prospectus was not approved, it would not permit listing of ordinary shares and cumulative convertible preference shares that Wolters Samsom planned to issue as part of its bid for Kluwer.

Tuesday's statement from Kluwer and the board said that reference to the double construction should be deleted from Wolters' prospectus.

Asked if the prospectus could now stand, including the planned issue of Wolters stock, an exchange spokesman said this was implied.

These securities having been sold, this announcement appears as a matter of record only.

Initial Public Offering June 1987

Kluwer's 2d Line of Defense In Bid Battle Is Withdrawn

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Initial Public Offering June 1987

Cahners, a Unit Of U.K.'s Reed, To Buy Variety

NEW YORK — Cahners Publishing Co., a unit of London-based Reed International PLC, said it has agreed to buy Variety, the bible of the entertainment industry, from Syd Silverman, whose grandfather founded it in 1905. Cahners did not disclose the purchase price.

Weekly Variety and Daily Variety generated revenue of \$20 million to \$25 million last year, Cahners said. Generally trade publications have pretax profit margins of 15 percent, which would mean Variety had \$3 million in pretax income.

"Such a dreamboat, one-of-a-kind prospect has been selling at 15 to 20 times pretax income," said John Suhler, partner at Veronis Suhler, investment bankers.

Variety, which started as a film trade paper, now reports from Los Angeles on television, cable and music as well, with weekly Variety covering theater from New York. Much Variety terminology, such as "boffo" for a box office success, has entered the language.

When in Washington, D.C. meet me at Blackie's House of Beef. Adjacent to the Washington Marriott. OUR 4th YEAR.

These securities having been sold, this announcement appears as a matter of record only.

Initial Public Offering June 1987

U.S. Bus Firms Sign Merger Pact

DALLAS — Greyhound Lines Inc. and troubled Trailways Corp. have signed a previously announced \$80 million merger agreement, Greyhound's chairman, Fred Carney, said Tuesday.

The pact, announced June 19, leaves the United States with a single inter-city bus company. The Justice Department initially raised reservations about the transaction, but Greyhound argued Trailways would collapse unless the merger proceeded rapidly.

Greyhound will offer employment to all Trailways drivers, three-quarters of the 640 maintenance workers and all salaried employees, with the exception of some executives, Mr. Carney said. On Aug. 5 the merged company will reduce scheduled miles by 41,600 (67,300 kilometers), or 5.1 percent. The company also plans to offer more discount fares, Mr. Carney said.

When in Washington, D.C. meet me at Blackie's House of Beef. Adjacent to the Washington Marriott. OUR 4th YEAR.

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Initial Public Offering June 1987

Company Results

Revenue and profits are in millions, or in local currencies unless otherwise indicated.

Table with columns for Company Name, 1987 Revenue, 1987 Profit, 1986 Revenue, 1986 Profit, and 1987/1986 Change. Includes companies like Bank of New England, Chemical New York, and Mellon Bank.

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AVIS AUX PARTICIPANTS DE OBLI-DM

CONVOGATION A L'ASSEMBLEE GENERALE EXTRAORDINAIRE Les participants de OBLI-DM sont priés d'assister à l'Assemblée Générale extraordinaire qui se tiendra le jeudi 30 juillet 1987 à 15 heures 30 afin de délibérer dans le cadre de l'article 86.2 de la loi luxembourgeoise sur les organismes de placement collectif, sur l'ordre du jour suivant:

- 1) Transformation du fonds commun de placement OBLI-DM par constitution d'une société d'investissement à capital variable tel que ce régime est fixé par le chapitre II de la loi du 25 août 1968 relative aux organismes de placement collectif, par rapport de tous les actifs et toutes les obligations du fonds commun de placement OBLI-DM à la société d'investissement à capital variable qui prendra la désignation "OBLI-DM".

2) Adoption des statuts de la société d'investissement à capital variable "OBLI-DM".

3) Examen des actions de la société d'investissement à capital variable OBLI-DM à raison d'une action à qui distribue les dividendes ou B qui capitalise les dividendes de la SICAV, au choix de l'actionnaire pour chaque part du fonds commun de placement OBLI-DM, et fixation des modalités d'échange des certificats.

4) Désignation des membres du conseil d'administration et du commissaire aux comptes et expert indépendant.

Votre attention est attirée sur le fait que l'assemblée organisée dans le cadre de l'article 36.2 de la loi du 25 août 1968 peut valablement délibérer quelque soit le quorum réuni. Ces différents points de l'ordre du jour devront être approuvés par les deux tiers au moins des participants présents ou représentés.

Les participants de OBLI-DM dans l'impossibilité de participer en personne sont priés de se faire représenter et déposer leurs titres auprès d'un établissement bancaire et en adressant leur procuration accompagnée du certificat de blocage de leurs titres au siège social de la société de gestion pour au plus tard le 23 juillet 1987. Les formalités de procuration sont disponibles au siège de la société et auprès de: -Banque Paribas (Luxembourg) S.A., 10A boulevard Royal, LUXEMBOURG; -Banque Paribas Suisse S.A., 2 place de Hollande, GENEVE; -Banque Paribas, 3 rue d'Anstis, PARIS.

Des convocations et formules de procuration ont été envoyées à tous les actionnaires nominatifs inscrits au 9 juillet 1987. Pour le Conseil d'Administration, J. Pierson Directeur Général

Notice U.S. \$75,000,000 IC Industries Finance Corporation Guaranteed Floating Rate Notes Due 1991 In accordance with the provisions of the Notes, notice is hereby given that for the interest period from July 15, 1987 to January 15, 1988 the Notes will carry an interest rate of 7 1/4% per annum. The interest payable on the relevant interest payment date, January 15, 1988 against Coupon No. 17 will be U.S. \$38.01. By: The Chase Manhattan Bank, National Association, New York



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WORLD FUND Société Anonyme Registered Office: 2 Boulevard Royal - Luxembourg R.C. Luxembourg B-21510 Shareholders are hereby convened to the ANNUAL GENERAL MEETING of shareholders of WORLD FUND to be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2 Boulevard Royal, Luxembourg, on July 31st, 1987 at 11:00 a.m. with the following agenda: 1. Reports of the Board of Directors and of the Statutory Auditor; 2. Approval of the Balance Sheet and of the Profit and Loss Statements as at April 30, 1987; appropriation of the profits; 3. Discharge of the Directors and of the Statutory Auditor; 4. Receipt of and action on nomination of the Directors and of the Statutory Auditor; 5. Miscellaneous. The shareholders are advised that no quorum is required for the items of the agenda of the annual general meeting and that decision will be taken at the simple majority of the shares present or represented at the meeting with the restriction that no shareholder, neither by himself nor by proxy, may vote for a number of shares in excess of one fifth of the outstanding shares or two fifths of the shares present or represented at the meeting. In order to attend the meeting of July 31st, 1987 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with the following banks: -Banque Internationale à Luxembourg 2 Boulevard Royal LUXEMBOURG -Lombard Odier & Cie. Rue de la Corratte, 11 CH-1204 GENEVE THE BOARD OF DIRECTORS

METALL MINING CORPORATION CDN. \$166,279,992 13,856,666 Common Shares Price: CDN. \$12.00 per share 9,273,333 Shares Offered Internationally by: Burns Fry Limited, Deutsche Bank Aktiengesellschaft, Dresdner Bank Aktiengesellschaft, Metallbank Gmb H, Union Bank of Switzerland (Securities) Limited, James Capel & Co., McLeod Young Weir International Limited, Nesbitt, Thomson Limited. 4,583,333 Shares Offered in Canada through the Underwriters: Burns Fry Limited, McLeod Young Weir Limited, Nesbitt Thomson Deacon Inc.







Dollar at 6-Month High Against Mark

NEW YORK — The dollar closed above 1.85 Deutsche marks Tuesday for the first time in six months as expectations grow for a marked improvement in the U.S. merchandise trade deficit.

Table with columns: Country, Rate, High, Low, P.M. Change. Includes Deutsche mark, Swiss franc, Japanese yen, French franc.

London Dollar Rates
He said there was little reaction in the market to a Commerce Department report showing a 0.4 percent increase in retail sales in June, virtually all of it tied to automobiles.

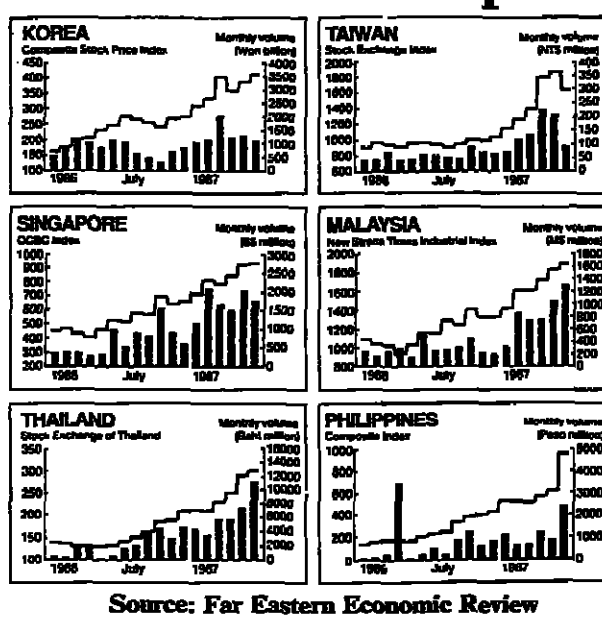
Japan Continues Strong Buying of Foreign Bonds

TOKYO — Japanese institutional investors continued to buy substantial numbers of foreign bonds in July because of the stabilization of exchange rates and U.S. interest rates, the financial daily Nihon Keizai Shimbun reported Tuesday.

ASIAN: Boom on Stock Exchanges Forces Questioning of Local Restrictions

(Continued from first finance page) last month that the value of stock in such markets would grow to between \$500 billion and \$800 billion by the end of the century.

Asia's New Share Capitals



they add, that has prevented political freedoms from developing more rapidly. "Current regulations tend to stifle activity," said Nik Mohamed Sidik, corporate finance manager at Arab-Malaysian Merchant Bank Bhd. in Kuala Lumpur.

By Protecting Rain Forest, Bolivia Makes a Dent in Its Debt

By Philip Shabecoff
NEW YORK TIMES SERVICE
WASHINGTON — In an arrangement hailed as the first of its kind, the Bolivian government has agreed to protect threatened tropical lowlands in return for a reduction of its foreign debt.

Senate, there are plans for legislation that would allow tax credits for commercial banks that forgive debts of countries that agreed to such conservation.

"A major breakthrough, not only as a means to reduce Bolivia's debt burden, but also as an effective way to protect the natural resource upon which our country's long-term economic health depends."

set aside for conservation reserves, the forest will be managed for "sustainable development," Mr. Illanes said. While there would be economic activity within the reserves, some sections would be completely protected for wildlife, for hunting by Indians or for other uses.

In South Korea, such efforts are not altogether friendly. Based on assessments of size, performance and corporate debt, government authorities annually target a group of companies that they will require to list on the Korea Stock Exchange.

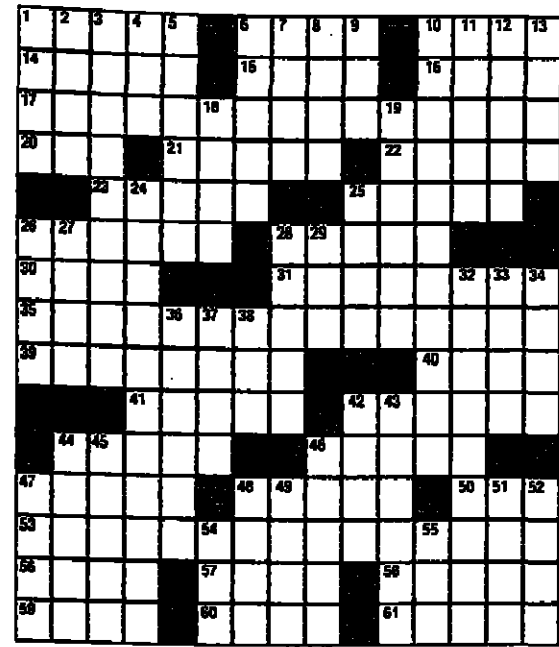
Every market in the region has tried to strengthen local brokerage, improve the quality of available research and develop better trading systems. Last month, for instance, the Bangkok exchange opened a second board through which overseas buyers can trade among themselves in stocks within the limit of foreign ownership has been reached.

But many such efforts are rendered at least partly ineffective, analysts say, because they are not accompanied by coordinated efforts, at senior government levels, to improve the environment in which exchanges operate.

In other markets, foreigners are devising new techniques to overcome the problems of underdevelopment. Several large U.S. securities houses have begun making their own markets in popular Singaporean and Malaysian stocks, for instance, which can enhance liquidity significantly.

Large financial table with multiple columns: 12 Month High/Low, Div. Yld., Sales in 1986, High, Low, P.M. Change, Net Chg. Includes sections A through Z with various stock listings.





**ACROSS**

1 Repair a ship  
6 London apartment  
10 Cob or drake  
14 Writer Calvino  
15 Dancer Montez  
16 Egyptian deity  
17 Deliberately soften criticism  
20 Editor's disclaimer  
21 Tipsters  
22 Goddess of peace  
23 Ocean vessel  
25 Glacial term  
26 Bituminous coal  
28 Scottish garb  
30 Minticked  
31 Emulate  
32 Edward VIII  
35 Give up  
39 Island state of Australia  
40 A fortune-teller's guide  
41 Bury  
42 Type of type  
44 Released  
46 "Foolish Things..."  
1935 song

**DOWN**

1 Tears  
2 Needle case  
3 Breeders of hunting birds  
4 Indisposed  
5 Flute sound  
6 "delis"  
7 "Paradise"  
8 Pennines, e.g.  
9 Kind of cross  
10 Scientific apparatus  
11 Resident  
12 Legal claims  
13 Existence  
18 Carol  
19 Dolt  
24 Not easily discouraged  
25 Santa Holy See, in Sevilla  
26 A U.S. suffragette  
27 U.S. disease-prevention org.  
28 Turkic convention  
29 Presidential monogram  
30 Cognizance  
33 Distinct Prefix  
34 Patron saint of sailors  
36 Falsify; juggle  
37 Division word  
38 Never, in Sonenberg  
39 Former Iranian ruler  
42 Principles  
43 French canal, rich in coal  
45 Join a contest  
46 Boxer's quest  
47 Tonkin group  
48 Tops  
49 Do the trudge  
51 Lohengrin's beloved  
52 Harrow rival  
54 A. E. Housman hero  
55 Building: Ger.

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



"LET ME 'PLAIN IT TO YOU BEFORE SHE GETS IT ALL MIXED UP."

JUMBLE THAT SCRAMBLED WORD GAME

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

**SOMYS**

**RUSUY**

**TYMIDI**

**WAIBLE**

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

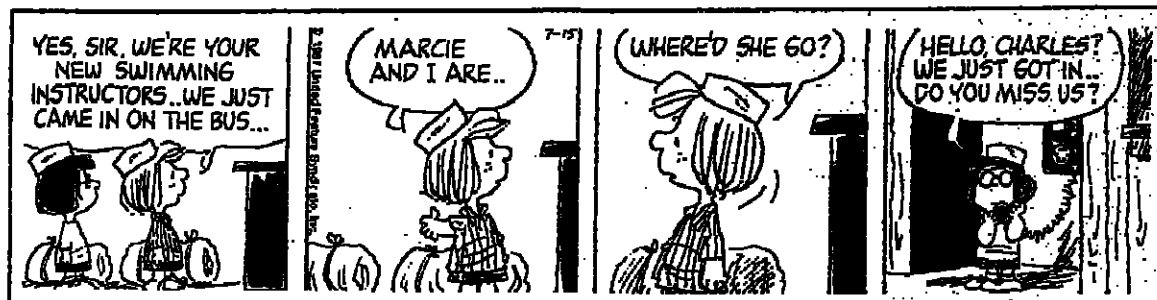
Print answer here: "-----"

Yesterday's Jumble: KHAKI CYNIC UPWARD QUARRY  
Answer: Another name for a crazy duck—A WACKY CLUCKY

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	22	17	Beijing	28	22
Amsterdam	22	17	Bombay	32	25
Antwerp	22	17	Calcutta	32	25
Berlin	22	17	Hankow	32	25
Brussels	22	17	Harbin	32	25
Cardiff	22	17	Hong Kong	32	25
Copenhagen	22	17	Kobe	32	25
Dublin	22	17	Manila	32	25
Geneva	22	17	Osaka	32	25
Helsinki	22	17	Seoul	32	25
London	22	17	Tokyo	32	25
Lyon	22	17			
Moscow	22	17			
Nairobi	22	17			
Paris	22	17			
Rome	22	17			
Stockholm	22	17			
Warsaw	22	17			
Zurich	22	17			
<b>MIDDLE EAST</b>					
Amman	22	17			
Beirut	22	17			
Colombo	22	17			
Delhi	22	17			
Frankfurt	22	17			
Geneva	22	17			
Hong Kong	22	17			
London	22	17			
Los Angeles	22	17			
Manila	22	17			
Moscow	22	17			
Nairobi	22	17			
Paris	22	17			
Seoul	22	17			
Shanghai	22	17			
Singapore	22	17			
Tokyo	22	17			
Washington	22	17			
Yokohama	22	17			

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



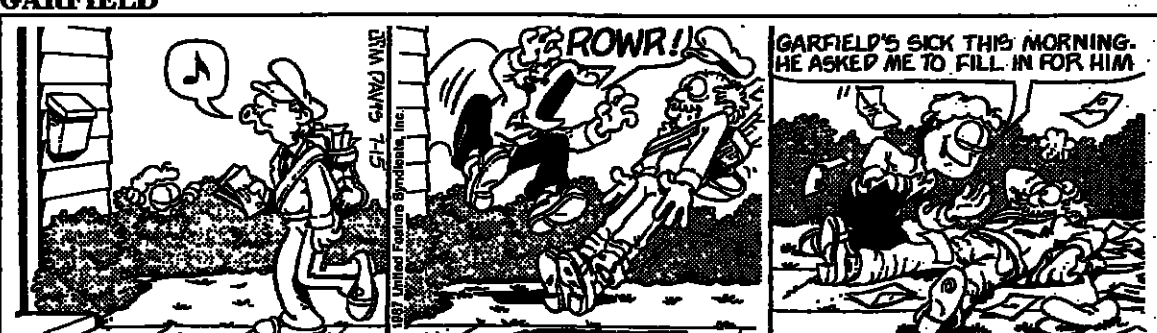
WIZARD of ID



REX MORGAN



GARFIELD



**World Stock Markets**  
Via Agence France Presse Closing prices in local currencies, July 14.

Market	Index	Change
Amsterdam	371.20	+1.20
Brussels	371.20	+1.20
London	2712.00	+12.00
Paris	1212.00	+12.00
Frankfurt	1212.00	+12.00
Zurich	1212.00	+12.00
Geneva	1212.00	+12.00
Stockholm	1212.00	+12.00
Copenhagen	1212.00	+12.00
Helsinki	1212.00	+12.00
Oslo	1212.00	+12.00
Norway	1212.00	+12.00
Sweden	1212.00	+12.00
Denmark	1212.00	+12.00
Finland	1212.00	+12.00
Belgium	1212.00	+12.00
Netherlands	1212.00	+12.00
Germany	1212.00	+12.00
France	1212.00	+12.00
Italy	1212.00	+12.00
Spain	1212.00	+12.00
Portugal	1212.00	+12.00
Greece	1212.00	+12.00
Turkey	1212.00	+12.00
Japan	1212.00	+12.00
South Korea	1212.00	+12.00
Hong Kong	1212.00	+12.00
Singapore	1212.00	+12.00
Malaysia	1212.00	+12.00
Philippines	1212.00	+12.00
Indonesia	1212.00	+12.00
Thailand	1212.00	+12.00
Sri Lanka	1212.00	+12.00
Burma	1212.00	+12.00
India	1212.00	+12.00
Pakistan	1212.00	+12.00
Bangladesh	1212.00	+12.00
Sri Lanka	1212.00	+12.00
Malaysia	1212.00	+12.00
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SPORTS

Recycled Soccer Players Find the Tap Root



FINISHING TOUCHES — Workmen applying a final brush-up coat to the on-field emblem at Oakland Coliseum in California before Tuesday night's All-Star baseball game.

International Herald Tribune LONDON — Tap water in these parts is recycled 10 times. The same may soon be said of soccer players.

But while the water is supposedly purified each time through the system, it is a rare sportsman who emerges uncontaminated from the murky business of trading.

Soccer has neither the means nor the will to flush out agents and parasites whose riches and rackets burgeon through the ever-spinning transfer whirl. Sign today, haggle tomorrow and find the highest bidder by weekend.

The soccer world is upside down. Not long ago, players were serfs — told where to play, for whom and for how much. Now the precious few are playing off one potential employer against another, squeezing and squeezing until the pipe squeaks.

Out of the mouths of two internationalists, who a year ago were home birds looking at different horizons, come the ethics of our sporting times:

"I used to play for the team. I know now that you've got to be more selfish — greedy, if you like," is the gospel according to Mark Hughes, as he waits for news that might rescue him from Barcelona. "I'm not being greedy or awkward. I'm sticking up for my rights. And though I want to sign for Liverpool, I can't see it happening unless Newcastle gives me something for four years' good service," said Peter Beardsley, delaying his £1.9 million (£3.05 million) move until Newcastle met his demands for an ex gratia "loyalty" payment.

Hughes, who would have thought, was in no position to call the tune. He has spent four months sitting on his butt, unwanted by Barcelona's first team. Others in his position — a seven-year contract at a minimum of £250,000 per season — would take the money and run. Hughes, 23, broods.

He read of a supposed swap that would send him to Verona for Proben Elkjaer, the brave but injured Dane. Nothing transpired. He heard Torino fancied him as a glamour item to rival Juventus's Ian Rush, his friend and Welsh scoring partner. If that amounted to more than newspaper talk, it aborted last Thursday, Hughes had foolishly blurted out his gripes to an English tabloid on the eve of his supposed new life.

Naturally, Hughes thinks he drew Barcelona's short straw. While Gary Lineker last season became the team's first player in 30 years to top 20 goals, Hughes dropped out of sight. "Sure, I wasn't getting goals," he says. "But I was being effective for the team. Nobody wanted to give me credit for that. I'm not an out-and-out goal-scorer," he adds, presumably not thinking how that sounds in Turin.

Italians cannot have been enamored to hear Hughes admit he became a recluse, sulking away in his apartment and catching a plane to England, hoping his previous club, Manchester United, would take him back.

Newly married and honeymooning (with one ear to the phone) in Florida, Hughes warns he will not long stand the humiliation of being a reserve. "Lessons have been

ROB HUGHES

rammed home," he insists. "In Spain you see the play-acting as players fall over. I've always been honest and stayed on my feet. Now I have to be more single-minded and mean."

Honesty had been Beardsley's trademark. He was the runner providing the goals that made Lineker the top marksman at the World Cup.

Not long ago, players were serfs — told where to play, for whom and for how much. Now the precious few are playing off one potential employer against another, squeezing and squeezing until the pipe squeaks.

lock-room spite and jealousy that made it difficult for him to stay. At 26, perhaps he feels he has paid his dues. Perhaps only comic-strip heroes stay on home ground. And perhaps the wages of superstardom did grate against others, with more modest rewards, in a team game. Besides, trophies are an annual affair at Liverpool; Newcastle has won just one in Beardsley's lifetime.

But when the clubs agreed to the £1.9 million fee, a British record, Beardsley — and his agent — demanded a cut of the profit.

They pointed out that, when signing his Newcastle contract, Beardsley had inserted a clause stipulating that should he move to a foreign club the fee could not exceed £1.5 million (leaving room for Beardsley to "negotiate").

Liverpool was paying £400,000 more than that. Beardsley would not budge unless Newcastle paid a so-called loyalty bonus of £40,000.

Great? No, a "point of principle." Other principles, a £100,000 signing fee and a salary increase, were waiting at Liverpool.

On Tuesday, six days after his defiance began, Beardsley joined. Red shirt for black, new allegiance for old.

Newcastle says there has been no "loyalty" payoff. It now has money to build new stands, but is the day coming when fans (and sponsors) will withhold their loyalties, will set their lantern jaws and disappear like fly-by-night heroes?

No one else seems willing or able to put club or game ahead of greed and manipulation.

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No one else seems willing or able to put club or game ahead of greed and manipulation.



Peter Beardsley: "I'm sticking up for my rights."

Pitino Fills a Cavity in New York

New York Times Service NEW YORK — The search for Judge Crater has been longer, the hunt for Dr. Livingstone more dangerous and the pursuit of the perfect martini more thirst-quenching. But the exhausting, frustrating 84-day quest for a head coach for the New York Knicks finally came to an end.

When the National Basketball Association team found its man, he was neither holed up in a cave nor lounging in a Bedouin tent nor trying to convert a tribe of heathens, but sitting agape, clutching the armrests in a dentist's chair last Wednesday in Providence, Rhode Island.

"Had a cavity — right molar," Rick Pitino explained later. "The dentist was about to drill when the phone rang. My wife was calling and was passing along a message that the Knicks wanted to talk to me right away." Pitino leaped from the chair. "Wouldn't you," he said, "if you had a chance to get out of having a tooth drilled?"

That evening he met for several hours with the team's brass at a hotel near Pitino's basketball camp in Massachusetts. On Thursday morning, he was offered the job. "I was caught off-guard, to say the least," said Pitino. "I didn't expect any of this to happen, not after May 1."

On Monday, he and the Knicks made it official. The three-year contract includes incentives for victories and could be worth just over \$1 million, a team source says. "Two months ago, Pitino agreed on a five-year contract with Providence College that appeared to all but eliminate him from contention for the job, but he still hoped he would some day become coach of the team of his playground fantasies.

"You're always playing mind games with yourself, when you're dribbling around three-on-three at P.S. 147 in Queens, that somebody you're going to be playing for the Knicks," he said. "But when I stopped growing and stopped getting faster, I understood that that was not a reality. The next best thing was to coach the Knicks."

After the team had dismissed Scooty Stirling as general manager — which followed another pursuit over hills and dales and fields and streams and passageways and potholes for a replacement — and then unearthed Al Bianchi, and after it had dismissed Bob Hill, who had replaced the dismissed Hubie Brown, who had replaced the dismissed... who was it again? Anyway, now here came Pitino, with choirboy looks and a man-eating record for success as a basketball coach at the ripe young age of 34.

Pitino leaves Providence with a two-season record of 42-23 and with credit for reviving a program that was once one of the nation's most successful. He is known for his intensity during practices and games, and his teams reflect his emotions. The Friars' exciting full-court defensive pressure was the staple of their success.

He had won with Providence College (going to the NCAA's Final Four in March) and had won with Boston University. And he had been an assistant coach for Brown with the Knicks.

"We won at Providence with a team with little athletic talent," he said. "But we were the best in the country in 3-point shooting, and No. 1 in scoring in the Big East and No. 1 in free throws, and we ran the break and pressed."

"One thing I know is that the Knicks will play the same style as my college teams did. When the other team is experiencing fatigue in the fourth quarter, I expect our guys to be coming on them."

"I'm not leaving the best college job in America to go through that type of season," he said of the Knicks' recent 24 and 23-victory campaigns. "If I thought that we would not make improvements, that we would be in that 20-victory area, then I'm a naive person. And one thing I'm not is naive."

Pitino — who grew up in Queens — said the Knicks have always been his pro team; he said he took the job because it was a great challenge and because "I would never be able to look myself in the mirror if I didn't take it."

"Everybody said, 'What's the difference between college and pro?' Well, this year, I was in ecstasy for 100 games. Every day my life I'm involved with basketball. I'm a happy man," he said.



Rick Pitino: "They'll play the same style as my college teams did."

IOC, Two Koreas Again Negotiating '88 Olympics

By John Feinstein Washington Post Service LAUSANNE, Switzerland — It has been six years since the International Olympic Committee awarded the 1988 Summer Games to Seoul. It has been 18 months since the government of North Korea first demanded that it co-host the Games. It is now 14 months until the scheduled opening of the Games.

On Tuesday, delegations from North Korea, South Korea and the IOC began meeting here to attempt to finalize an agreement that would allow those Olympics to be held without the threat of a boycott that has loomed since the day the IOC awarded the Games to Seoul.

Whether such an agreement can be reached is questionable. The IOC has said its offer to allow North Korea to host two sports (table tennis and archery) and share two others (soccer and cycling) is absolutely final. A North Korean official said Monday that his country, at the very least, had to be the sole host for soccer for any agreement to be possible.

This is the fourth time that IOC officials have met with delegations from the two Koreas since the North Koreans first began demanding that they be named co-hosts in December 1985. At the last meeting, in June 1986, the IOC made its offer of two sports and parts of two others.

The South Koreans, who now have spanking-new facilities for virtually all of the 23 sports, immediately accepted the plan. Last February, the North Koreans, meeting separately with the IOC executive board, accepted the offer in principle. But a few days later, they said again they had to have more sports — at least eight.

Since then, the situation has gone downhill. In May, IOC President Juan Antonio Samaranch sent a delegation to the North Korean capital of Pyongyang on a fact-finding mission and asked the government to allow these representatives to pass through to the south in the demilitarized zone at Panmunjom. "It would be a gesture of courtesy and goodwill," Samaranch said, and "would demonstrate a true willingness for dialogue with a view to reaching an acceptable solution for all."

The North Koreans rejected the request, saying they would only discuss that kind of crossing after the question of co-hosting had been resolved. That clearly angered Samaranch. In a news release following the May meetings, he abandoned the normally upbeat style of his statements by mentioning both the rejection and his disappointment.

Shortly after that, the demonstrations against the government of President Chun Doo Hwan began escalating, raising further questions about whether Seoul would be able to play host to the world's athletes next September.

Although several cities, including 1984 host Los Angeles, have come forward since then to offer to host the Games, Samaranch has insisted they will be held in Seoul. "The Olympics will be in Seoul or there will be no Olympics in 1988," he said last week.

The North Koreans have steadfastly insisted that, if they are not granted co-host status, they will lead yet another Olympic boycott. Since the Soviet Union and many Soviet-bloc nations do not recognize the existence of South Korea, that threat has existed all along. There has not been a Summer Olympics without boycott or violence since the 1964 Games in Tokyo.

Samaranch insists he wants a definite agreement reached here this week. Not only is time running short but, with the onset in Seoul, the 1988 Olympics seem in need of a boost and some sort of an agreement would certainly be just that. But Samaranch also insists he and the IOC are willing to make only "minor concessions" to the North Koreans and will not offer them any more sports.

Ironically, those most willing to compromise are probably the South Koreans, who, having invested huge amounts of money while putting their national pride on the line, have by far the most to lose.

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SCOREBOARD

Football

CFL Leaders

Table showing CFL Leaders with columns for TEAM OFFENSE, TEAM DEFENSE, and INDIVIDUAL. Lists teams like Edmonton, Hamilton, Toronto, and individual players like Stupar, Hov, Boyd, Allen, Zochory, Kelly, Fenerty, and Alvin.

Baseball

The All-Star Game

Table showing The All-Star Game statistics for the 28th All-Star Game played July 14 at Oakland Coliseum. Includes batting averages, home runs, RBIs, and pitchers.

Baseball

Midseason Comparisons

Table showing Midseason Comparisons for the All-Star break in 1987 and 1984. Lists teams like Oakland, Minnesota, Seattle, Kansas City, Toronto, New York, Atlanta, Milwaukee, California, Texas, Chicago, St. Louis, Boston, and Cleveland.

NATIONAL LEAGUE

Table showing NATIONAL LEAGUE statistics for 1987 and 1984. Lists teams like St. Louis, Cincinnati, Pittsburgh, Montreal, Atlanta, Philadelphia, Los Angeles, Houston, Baltimore, and San Diego.

Cycling

Tour de France

Table showing Tour de France statistics for the 14th stage. Lists riders like Ludo Luyckx, Luis Herrera, and others with their times and positions.

Transition

Table showing Transition statistics for various sports including National Football League, Detroit, Houston Oilers, Arizona, Arkansas, East Tennessee State, Illinois State, Penn State, North Texas State, Ohio State, Tennessee, and Tennessee-Chattanooga.

LeMond Has Appendectomy

The Associated Press SACRAMENTO, California — Greg LeMond, the only American ever to win the Tour de France, underwent an emergency appendectomy here Sunday, the cyclist's sister, Karen Deller, said Tuesday.

The operation came less than three months after LeMond sustained shotgun wounds in an April 20 hunting accident. The winner of the 1986 Tour de France returned to training last month and had planned to return to competition Thursday at a four-day race in Oregon.

"We're all thinking Greg's had luck to stop sometime," said Deller. "The appendectomy wasn't as serious, but he's gone through a lot."

IB 1735 BLANCPAIN. A large advertisement for Blancpain watches, featuring a detailed image of a watch face and the brand name prominently.

Since 1735 the oldest name in swiss watchmaking. Don't expect to find a quartz in a Blancpain watch. You won't. And you never will.

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Official... Reports... Various small text fragments and advertisements on the left margin.

Norwegian Wins Mountain Stage Of Tour de France. United Press International LUZARDIDEN, France — Dag Otto Lauritzen, a Norwegian with the 7-Eleven team, finished a long climb alone Tuesday to win a 166-kilometer (103.5-mile) stage of the Tour de France bicycle race.

Dag Otto Lauritzen, going to his water supply while ascending the final peak in Tuesday's 14th stage of the Tour de France. Charles Parker/Reuters



OBSERVER

Assault on Ignorance

By Russell Baker
NEW YORK — We are in the midst of another assault on dumbness. This one was ignited by evidence of amazing ignorance among young people. For instance, do you know about the recent survey of California college students? Half of them couldn't locate Japan on a map.
It makes you glad we got World War II out of the way before this bunch was born. Imagine a headline: "Foliot Drops A-Bomb on Rio de Janeiro by Mistake; 'Always Thought Japan Was Down There Somewhere Below Bilozi.' He Says."

The Unflinching Eye of a Photojournalist

By Vicki Goldberg

LAST winter Mary Ellen Mark looked for fascination with autism in an assignment. At the Mothering Center in Greenwich, Connecticut, she stood among the mothers and children, photographing a therapy session. The small room seemed to swell up with struggle and shouts — women and children everywhere, bugging, kissing, clutching, crying out. Many of the children do not talk; they sulk, they weep and do not answer. "Liza," one woman cried, holding her daughter down, "Damn it, Liza, I'm mad at you! If you feel so bad, think how I feel! Rejected by you every day! Liza, I want! I want!"



Photographer Mary Ellen Mark working with an autistic child.

For 10 years, whenever Mark tried to photograph on Falkland Road in Bombay, she was pelted with insults and garbage. Brothers jostle each other the length of the street; women and transvestites stand in cages displaying their charms; pickpockets, drunks and customers surfer by and stare. Finally, in 1978, Mark braved Falkland Road day after day until a few women grew curious. One key to her success as a photojournalist is her ability to win the trust of people who do not trust easily. Slowly, she made friends and in the end while she photographed the prostitutes' love-making and abortions, they took her under their protection. "One time when the police came," Mark recalls, "they hid me under the bed. Then there was one customer who just kept harassing me. They finally kept of pushed him down the stairs."

Richard B. Stolley, who as managing editor of Life magazine assigned to Mark many of her most important stories, refers to her as "one of the top three or four in the world" and adds, "She is probably the best — how can I put this without sounding sexist? — I don't know of another woman photojournalist as good as she is now."

Mark photographed everyone while she gauged which children were most interesting. "I relate to people who have meek, spunk, are more open," she said. "They're better with the camera." After some time, she whispered: "You know what would be really interesting?" Her face widened with a great smile of excitement. "To come two or three more times and then pick out a couple of people to follow at home. Liza, maybe Alex, Amy..."

She had caught a whiff of potential drama and was beginning to recognize the story's shape: one child remote, one loving, one pinned. Later Mark would give up on Alex, thinking him "too good," too conscious of the camera. "You have a sense of what you want to say about something after a few days," she says. "You have to have your opinion. It may be wrong, but you have to have one."

Whenever she picks up a camera, Mark, 47, puts herself in an emotional no-man's-land. She claims that she doesn't take risks — "War photographers do that" — yet here is the archetypal saga of the photojournalist who conquers obstacles and emotional shock to bring back accounts of unexplored territory: hospitals in India, camps for children with cancer. She brings to all her photographs an unflinching eye, compassionate eye. In the midst of exotic or on the fringes of society, where she often chooses to be, she does not exaggerate the un-

PEOPLE

U.S. Tax Collectors Seize Girl's Piggybank Savings

The Internal Revenue Service has seized a 9-year-old girl's piggybank savings to pay her grandfather's back taxes, relatives say. The IRS notified the family of Carmin Fisher in Junction City, Oklahoma, that the agency had ordered a bank to turn over \$70,776 the fourth-grader had deposited in an account in her and her grandparents' names. She had collected pennies from her grandparents and other family members along with pennies she found on the street or earned from returning bottles and cans. "That's more than 7,000 pennies, many years' savings for a little girl," her grandfather, Charles Fisher, said Monday. Fisher said he owes back taxes, but he said the government had no right to take away the savings his granddaughter had made dropping into a piggybank. He was 2 years old, Steve Matherly, an IRS spokesman, said it is not the government's policy to take money from people who do not owe the debt. He suggested the Fishers call the IRS and explain what happened. The girl's grandmother, Betty Fisher, said she tried that but she was put on hold, then was told to submit a standard complaint form.

Bette Miller will appeal the dismissal of her \$10 million lawsuit against Ford Motor Co. for using a voice that sounded similar to hers in a commercial, her lawyer says. U.S. District Judge Ferdinand F. Fernandez ruled in favor of Ford on Monday as well as Young and Rubicam, the agency that produced the ad.

The ABC "World News Tonight" anchorman Peter Jennings has separated from the wife, Edie Markey, his wife of eight years, ABC said. ... Jennings' divorce suit has been filed for divorce from his wife, Edie Markey, citing irreconcilable differences.

At least two writers for The New Yorker magazine have followed the magazine's retired editor, William Shawn, to Farrar, Straus & Giroux. Roger Shinn said Shawn already has acquired books by The New Yorker writers, including Shinn and the New Yorker contributor L.L. Ross.

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